

THE REZIDOR HOTEL GROUP

SUSTAINABILITY REPORT 07

Sustainability Report

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Being Responsible: a Prerequisite of Doing Business

2007 has been an exciting year in many respects for advocates of responsible business. It is highly satisfying for companies like us, who promote corporate responsibility practices, that the issues we address are perceived as increasingly crucial. Sustainable development was taken to the red carpet when Al Gore received an Oscar for his film "An Inconvenient Truth". The carpet then stretched all the way to the Nobel Prize celebrations where Gore and the IPCC were jointly awarded the Nobel Peace Prize. This year's events have been the final tipping point – climate change discussions have finally raised sustainability matters to executive level, with a real and long-term impact on business. We believe that Rezidor will enjoy a comparative advantage due to its long-standing work with its Responsible Business programme.

We predict that, for the travel & tourism industry – and more specifically the hotel industry – the coming years will offer many interesting opportunities for responsible hotel companies as customer demands for so-called "green" or responsible travel increase. More and more guests desire a low impact hotel stay reflecting their everyday environmental consciousness. And references to Responsible Business in corporate client requests for proposals are growing exponentially. Informing clients of our environmental and social profile is quickly becoming an important part of the sales process, especially in the business-to-business sector.

The demands on a responsible business are ever changing, as the demands from investors, clients and employees, are becoming increasingly sophisticated. We look forward to embracing this challenge and reaping the benefits of our pro-active efforts by being able to supply green and responsible accommodation.



Pia Heidenmark-Cook
Vice President Responsible Business

About the Report

The purpose of this Sustainability Report, in combination with the financial accounts, is to help shareholders and other important stakeholders to value, assess and understand the operations of the Rezidor Hotel Group. We have an ongoing dialogue with our stakeholders and we report what we consider to be of interest to those we deem key: shareholders, employees, customers, property owners, suppliers, authorities, environment and community & society. Thus the Rezidor Sustainability Report 2007 describes the most important and relevant sustainability aspects of our operations.

REPORT CONTENT

Rezidor's Sustainability Report is in line with the Global Reporting Initiative's (GRI) G3 guidelines, self-declaring B level. This allows us to measure performance, achieve transparency and facilitate international comparability with regards to our sustainability performance and reporting. These guidelines are the most widely accepted and used standard for sustainability reporting; and are applied by more than 1,000 companies around the world.

SCOPE AND BOUNDARIES OF THE REPORT

Rezidor has limited the reporting boundaries to areas in which the company has full control over data collection and information quality. Downstream impacts are generally excluded; measuring them in a reliable way is difficult. The numerical data stated in this report refers to the year 2007, unless otherwise stated. The report text also addresses events that occurred in the first quarter of 2008.

The Environmental and Status Report data, collected by the management team from each hotel, forms the foundation for Rezidor's sustainability reporting. The reporting is based on yearend figures, meaning that all hotels in operation by December 31st were asked to report. Consequently, some hotels report full-year data, and others that opened during the year, only report for the months they were in operation. Moreover, hotels that discontinued operations with the Group during the year are not included in the year-end data. During 2007, 15 hotels (3,318 rooms) came into operation under managed and leased agreements, as well as 6 hotels under franchised agreements. Meanwhile, no managed or leased hotels left the system in 2007.

Due to the fact that the reporting base changes from year to year, we use indicators which are based on occupancy, mainly guest nights. Performance in relation to level of occupancy is also the most relevant measure, because occupancy is the dominating factor affecting energy and water consumption, as well as waste generation. Some measuring indicators per guest night allows us to report our performance in a fair and transparent manner from year to year.

The scope of this report covers Rezidor as a group, providing examples from operations regardless of brand. This means that the consolidated performance data includes managed and leased hotels in operation for the following brands:

- Radisson SAS – 122 hotels (28,459 rooms)
- Park Inn – 43 hotels (8,554 rooms)
- Country Inn – 1 hotel (93 rooms)
- Regent – 2 hotels (404 rooms)
- Total 168 hotels (37,510 rooms)

Hotels under franchise agreements, which currently number 68 hotels (11,631 rooms), are not included in the consolidated performance data. Neither are sales offices and staff functions. It should, however, be noted that the Responsible Business (RB) programme is encouraged at all hotels, including franchised hotels, and currently 30% of the franchised hotels participate in the RB programme and report on the progress of their performance.

Due to the at present limited number of hotels operated under the Regent brand (2 in total), data from these hotels are only mentioned in tables and graphs, while the focus in the text is on Radisson SAS and Park Inn. As there is currently only one Country Inn & Suites hotel in operation, this hotel's data has been incorporated into the Park Inn aggregated results. As no Hotel Missoni is yet in operation, this brand is not considered here.

Facts about data collection:

- Conversion factors for different energy sources and emission factors for calculating and reporting greenhouse gas emissions are based on the WBCSD Greenhouse Gas Protocol and guidelines from the Carbon Trust and the Edinburgh Centre for Carbon Management.
- Human resources data is partly derived from financial accounting and covers all employees in leased and managed properties (this applies to the whole company and deals with sick leave and turnover). For Sweden, there is a different reporting structure, encompassing all employees in leased and managed properties and also including more detailed information, such as gender ratios and age groups.
- The Responsible Business related performance data is checked internally before data consolidation, with followups via e-mail and phone calls to hotels that have reported noticeably high or low figures.

Routines for Monitoring

Hotels are asked to report their Responsible Business (RB) performance data in two different sets of reports and questionnaires. The overall compliance with, and progress of, the 15 objectives of the RB programme is assessed through the annual RB Status Report. The Status Report is an internet-based database managed by an external consultant (also available through Rezidor's intranet), and contains 77 set of questions touching on all relevant areas of the RB programme. The questionnaire used is inspired by the UN Global Compact and the Global Reporting Initiative's Guidelines.

Environmental performance data (e.g. energy, water and waste) is collected on a quarterly basis through an Excel based database linked to Rezidor's comprehensive accounting and financial system. The data requested has expanded slightly since the launch in 2002, while the reporting periods have also been adjusted over the years.

Reporting is mandatory for managed and leased hotels. The response rate remains very high among the hotels. In 2007, 100% (100) of hotels responded to the RB Status Report and 100% (99) of hotels reported their environmental performance. Moreover, 82% of hotels had RB-specific Action Plans in place for 2008. These RB Action Plans are updated yearly. For 2008, 93% of the hotels had also incorporated RB related targets into their overall Business Plan.

PERIODICITY

Rezidor's Sustainability Reports are published annually in conjunction with the annual report. The last Rezidor Hotel Group Annual & Sustainability Report 2006 was published in March 2007.



ACCOUNTING PRINCIPLES AND VERIFICATION




The financial data presented in the Sustainability Report are derived from audited annual accounts. In all external reporting currencies are converted into Euro. Accounting principles for financial reporting, as well as the conversion rates used, are stated in the Annual Report.




The Sustainability Report has not been independently reviewed by auditors or any other third party.

Being Responsible

SUMMARY OF PROGRESS

Responsible Business Policy	RB objectives	RB indicators	Commitments and targets for 2007	Achievements 2007
 EMPLOYEES We shall educate and facilitate for our employees to make a conscious decision in favour of environmental, ethical and social issues in their private and work lives.	1. Increase employee awareness regarding RB	<ul style="list-style-type: none"> ■ Number of employees and hotels with RB training ■ RB included in the induction training for new hires within 3 months 	<ul style="list-style-type: none"> ■ 50% of newly opened hotels to perform RB training ■ Start development of new RB training ■ Launch RB Best Practice Database 	<ul style="list-style-type: none"> ■ 46% of new hotels performed RB training ■ The new RB training modules were piloted in January 2008, to be launched summer 2008 ■ RB best practice database launched in June
	2. Foster a responsible working environment	<ul style="list-style-type: none"> ■ Number of hotels that comply with local labour laws ■ Number of hotels which have communicated the new Code of Ethics to employees 	<ul style="list-style-type: none"> ■ All hotels comply with labour law (wages, working hours, freedom of association, equal opportunities and non-discrimination) 	<ul style="list-style-type: none"> ■ All hotels comply with local labour laws
 CUSTOMERS We shall inform and make it easy for our guests to participate in Responsible Business related activities at our hotels.	3. Increase customer awareness regarding the RB programme and our hotels' achievements	<ul style="list-style-type: none"> ■ Number of awards due to good RB performance received ■ Number of hotels with third party certification ■ Number of hotels presenting their RB actions on WebExtra ■ Number of hotels displaying RB communication material and actions in rooms and lobby 	<ul style="list-style-type: none"> ■ 10 hotels to obtain third party green certification ■ 90% of hotels to display RB information in rooms and lobby ■ Launch updated RB section on the corporate website 	<ul style="list-style-type: none"> ■ 11 hotels obtained third party certification in 2007 ■ 6 hotels reported receiving RB related awards ■ 95% of hotels display RB communication material and actions in rooms and lobby ■ Substantial expansion and improvement of content on RB section of corporate website: responsiblebusiness.rezidor.com
	4. Provide RB actions that are easy for guests to participate in	<ul style="list-style-type: none"> ■ Number of hotels successfully participating in the towel re-use programme ■ Number of hotels offering battery collection service ■ Number of guests that have redeemed points to become carbon neutral with goldpoints plusSM 	<ul style="list-style-type: none"> ■ Launch carbon neutral redemption possibility with goldpoints plusSM 	<ul style="list-style-type: none"> ■ Positive feedback from market and good take up as well as good awareness realising tool
	5. Provide a healthy environment and offer healthy, nutritious organic and fair trade food and beverages	<ul style="list-style-type: none"> ■ HACCP system installed in kitchen ■ Regular legionella tests performed at hotels ■ Number of hotels that provide allergy-tested rooms and/or rooms for disabled guests ■ Number of hotels that provide "healthy" menu as defined by corporate F&B ■ Number of hotel rooms that are non-smoking rooms ■ Number of hotels serving organic and fair trade food 	<ul style="list-style-type: none"> ■ 80% of hotel rooms to be non-smoking ■ Min. 30% of hotels serving organic or fair trade products 	<ul style="list-style-type: none"> ■ 35% of the hotels provide allergy-tested rooms ■ 67% of all guest rooms are non-smoking rooms ■ 53% of the hotels offer organic food and 54% offer fair trade products

Responsible Business Policy	RB objectives	RB indicators	Commitments and targets for 2007	Achievements 2007
 <p>PROPERTY OWNERS We shall work together with property owners to find innovative solutions that satisfy our economic, environmental and social objectives.</p>	6. Inform all property owners about the RB programme to facilitate the use of best responsible business practice when building and renovating	<ul style="list-style-type: none"> ■ Number of hotel owners informed about programme and local RB Action Plan ■ Number of rooms built/renovated according to Rezidor's Responsible Construction Guidelines 	<ul style="list-style-type: none"> ■ Inform owners at min. 90% of hotels ■ Develop and agree on "Responsible Construction Guidelines" with Technical Department 	<ul style="list-style-type: none"> ■ 90% hotel owners informed about programme and local RB Action Plan ■ 60% of hotels state taking consideration of RB when renovating ■ Guidelines under development
 <p>SHAREHOLDERS We shall provide shareholders and investors with timely, accurate and transparent information on RB related risks and opportunities.</p>	7. All hotels to comply with the reporting requirements of the RB programme	<ul style="list-style-type: none"> ■ % of hotels that report quarterly and annually to corporate office ■ RB material part of start up kit (Guide, training material and communication items) ■ Number of hotels that have received internal audit 	<ul style="list-style-type: none"> ■ Maintain high reporting level from managed and leased hotels (100%) ■ Increase reporting level to min. 50% from franchised hotels ■ Improve accuracy and punctuality of data reported ■ Investigate feasibility to join FTS4Good Index 	<ul style="list-style-type: none"> ■ 100% of managed and leased hotels responded to 2 sets of mandatory reports ■ 30% of franchised hotels report their RB data ■ Data accuracy improved substantially from 2006 ■ FTS4Good Index not applicable for low-cap companies, however Rezidor largely fulfils the demands and criteria set by the index
	8. Increase financially related RB information in corporate reporting	<ul style="list-style-type: none"> ■ RB related costs ■ Donation to local communities ■ Environmental investments ■ Environmental savings (cost reductions) 	<ul style="list-style-type: none"> ■ Increase accuracy of financial implications in RB Status Report ■ Use GRI Guidelines in Sustainability Report 	<ul style="list-style-type: none"> ■ 54% of the hotels report environmental investments initiated, mainly energy efficiency measures ■ Not feasible to give consolidated figure on savings from environmental investments at hotel level
 <p>SUPPLIERS We shall strive to purchase products that have a reduced environmental impact during their life-cycle, from suppliers that demonstrate environmental and social responsibility.</p>	9. Increase the number of suppliers that fulfil the RB criteria for suppliers	<ul style="list-style-type: none"> ■ Presence of RB criteria in the PIN system ■ Corporate contract RB paragraphs included in regional contracts ■ Number of hotels using suppliers that can provide policies on environment and human rights 	<ul style="list-style-type: none"> ■ Improve dialogue with key suppliers on RB criteria 	<ul style="list-style-type: none"> ■ 70% of hotels report using suppliers that can provide policies on environment and human rights ■ 60% have RB criteria included in contracts
	10. Increase the number of products purchased that comply with set RB criteria for product group	<ul style="list-style-type: none"> ■ Number of corporate communication items printed on recycled/eco-labelled paper ■ Number of hotels using ethical bottled water ■ Number of hotels using dispensers in public toilets ■ Number of hotels asking for local products 	<ul style="list-style-type: none"> ■ Use recycled paper for corporate RB communication material 	<ul style="list-style-type: none"> ■ 100% of RB communication items printed on recycled paper ■ 66% hotels with purchase criteria in favour of local products

Responsible Business Policy	RB objectives	RB indicators	Commitments and targets for 2007	Achievements 2007
 <p>AUTHORITIES We require our managers to abide by local and international legislation, especially regarding labour laws, Health and Safety, human rights and the environment.</p>	11. Zero number of incidents of non-compliance with regard to RB related legislative demands and international agreements	<ul style="list-style-type: none"> ■ Number of hotels reporting legal breaches to local legislation ■ Number of countries covered in legal database ■ % of hotels performing RB legal self-audit ■ Number of hotels using Freon and total quantity used per type 	<ul style="list-style-type: none"> ■ 100% of hotels to perform self-audit where available ■ Add 2 more countries to legal database ■ Investigate number of hotels still using freons (ODS) and contact these hotels to set up phase out plan 	<ul style="list-style-type: none"> ■ 0 hotels reported legal breaches to legislation ■ 10 (8) countries covered in legal database ■ Only 6 hotels still using freon R-11, all in the Middle East. Quantity down 75% since 2006
 <p>COMMUNITY We shall take an active role in the international responsible business community, and contribute to the local communities where we operate.</p>	12. Have a positive influence and impact on the local and international community	<ul style="list-style-type: none"> ■ Amount of money raised for corporate and local charities ■ Number of local community outreach activities ■ Number of hotels participating in RB Action Month in September each year 	<ul style="list-style-type: none"> ■ Raise min. TEUR 250 for local charities ■ Launch World Childhood Foundation as charity org. ■ 155 hotels to join RBAM ■ Continue to be a positive contributor to IBLF's Tourism Partnership (ITP) 	<ul style="list-style-type: none"> ■ TEUR 602 raised for local charities ■ TEUR 60 raised for World Childhood Foundation ■ 144 hotels participated in RBAM ■ Positively contributed to the ITP's Environmental Benchmark tool
 <p>ENVIRONMENT We shall do our utmost to continuously improve our performance in the areas of energy, water, chemicals and resource consumption, and waste generation in order to reduce our negative impact on the environment.</p>	13. Reduce dependence on fossil fuels and become more energy efficient in all areas of operation without sacrificing the guest experience and comfort	<ul style="list-style-type: none"> ■ Energy – kWh/m² ■ Reduction of carbon footprint: CO₂ equiv. / guest night ■ Number of hotels with renewable energy solutions 	<ul style="list-style-type: none"> ■ Develop and disseminate regional targets ■ 5% reduction in energy consumption per guest night for both Park Inn and Radisson SAS 	<ul style="list-style-type: none"> ■ Reporting tool as part of financial system launched in January 2007 ■ Energy measured as kWh/ guest night increased slightly ■ Our carbon footprint per room night however went down by 5% compared to previous year of assessment (2005)
	14. Conserve water whenever possible without sacrificing the guest comfort and discharge "clean" water	<ul style="list-style-type: none"> ■ Water – litres / guest night ■ Number of hotels using water efficient equipment 	<ul style="list-style-type: none"> ■ 10% reduction in water use per guest night ■ 80% of hotels having water efficient shower heads and taps 	<ul style="list-style-type: none"> ■ Water use measured as litres/ guest night rose marginally ■ 77% hotels use water efficient shower heads
	15. Decrease the amount of residual waste generated (going to landfill / incineration)	<ul style="list-style-type: none"> ■ Unsorted waste: kg/ guest night ■ % of sorted waste diverted from landfill and incineration ■ Number of hotels without single portion packaging (according to SOP) 	<ul style="list-style-type: none"> ■ A third of all waste should be diverted from landfill ■ 50% of hotels to have no single portion packs in restaurant (cereal and jam in line with SOP) 	<ul style="list-style-type: none"> ■ Amount of residual waste per guest night went up slightly ■ Close to a third of all waste diverted from landfill ■ 78% of hotels serve cereal, and 58% jam in bulk to avoid single portion packaging and consequent waste

OUR PROGRESS IN SHORT:

A Breakthrough Year

The past year was an exciting time for Rezidor as we continued to grow and enter new markets: the Park Inn brand reached the 100 hotel mark in October and a total of 53 new hotel contracts were signed and 21 hotels opened during the year. From a responsible business perspective, the year took off to a great start with the appointment of an additional member of staff to the corporate RB department in January. This has enabled us to substantially improve the levels of accuracy in the reporting from hotels to the corporate office. We were also able to launch the Best Practice database that we have had in development for some time. By January 2008, we were proud to have compiled over 450 best practice examples related to Responsible Business. Hotels from all across the Rezidor group throughout the world have submitted their examples, sharing hands-on knowledge with their colleagues, and so allowing hotels to gain inspiration and learn from one another.

At the end of the summer, we announced our involvement with a new international charity organisation, the World Childhood Foundation. During our annual Responsible Business Action Month in September, many of our hotels launched successful fund-raising activities for Childhood, for example encouraging guests to give 1 euro at check-out to Childhood, organising galas and events in aid of Childhood, donating specific income to Childhood, e.g. revenue from Sunday Brunch, Pay-TV or sales of bottled water. We are very happy to see how enthusiastic our hotels have been about fund raising, enabling Childhood to help children in need around the world.

During 2007, 11 hotels obtained a third party environmental certification. Three hotels in Norway obtained the Nordic Swan eco-label, while three hotels in France and one in Holland received the Green Key. One hotel in the UK achieved Gold Level in the Green Tourism Business Scheme, our hotel in Beijing got the Golden Leaf Green Hotel Certification, one hotel in Austria got the Austrian Eco-label, and one of our resorts in Egypt obtained Green Globe Benchmarked Bronze status.

THE CHALLENGES AHEAD

One of the main challenges we face is how we devise and implement a strong climate change strategy adjusted to the different conditions in the 42 countries where we operate hotels. We need to work actively to reduce our carbon footprint and this involves closer discussions with our property owners, constructors and architects. As a hotel management company, we do not own our hotels and this adds complications because many of the actions we need to take require investments in and around the properties.

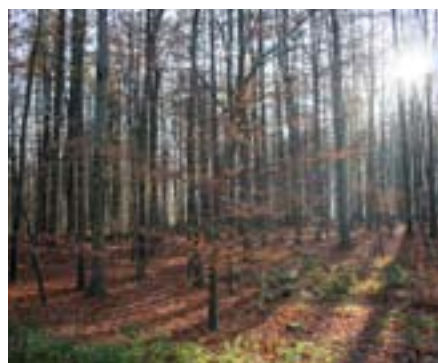
We have also decided to obtain more third party environmental certification in 2008 to validate our proactive environmental commitment. This involves seven more Radisson SAS hotels in the UK gaining certification from the Green Tourism Business Scheme; 16 more hotels in Scandinavia obtaining the Nordic Swan Eco-label; six more hotels in France, Tunisia and Benelux achieving the Green Key and eight hotels in Ireland securing the Green Fáilte Award. Our target is to have these certifications well under way by the end of 2008. Our hotels will focus great attention on meeting the strict criteria set by these certification schemes: for example on energy management, waste sorting and green purchasing as well as internal training and communication.

Another important project is the development of a responsible meeting concept. Working jointly with Meeting Professionals International (MPI), we will participate in the piloting of the new British Standard BS 8901 "Specification for a sustainable event management system with guidance for use" during the spring of 2008. We will produce a checklist for responsible meetings based on the results of the pilot. This list will then be tested by two of our hotels, Radisson SAS Plaza hotel in Oslo and the Park Inn Heathrow before we go on to offer our clients in the Meetings & Events segment the opportunity of arranging a sustainable event.

In addition, many of the RB tools will be revised in 2008, including the RB training module. Maintaining a high level of trained staff in Responsible Business is challenging because of staff turnover, varying levels of interest and the many different sets of skills and positions within the hotels, as well as the large geographical spread of our hotels. We hope to have overcome these challenges in the new RB training module which will have localised content, will be translated into numerous languages, and will have two separate modules: one for all employees called "Living Responsible Business" while "Leading Responsible Business" will be for department heads and above.

In 2008, we also will launch RB centres of excellence. The first one was established in February, with the Radisson SAS Royal Hotel in Brussels becoming a centre of excellence for sharing best practice on RB Training. Rezidor has organised centres of excellence for many years, in the areas of housekeeping, front office, engineering, Meetings & Events etc, however this marks the first centre for Responsible Business.

Another ongoing challenge lies in continuing to encourage our franchised hotel partners to report into the Rezidor RB system that helps us to continually improve. Many of our franchised hotels have very active environmental and social programmes in place. But we need to continue to engage the franchised hotels to report to the corporate RB department.



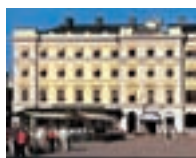


RESPONSIBLE BUSINESS IN ACTION: BEST PRACTICE



Arranging Carbon Neutral Event

The Radisson SAS Hotel Ålesund, Norway was the first hotel in the group to hold a carbon neutral® event for guests. The event was coordinated with the ceremony during which the hotel received the prestigious Nordic Swan eco-label – one of the world's most respected eco-labels and marks of quality control in the environmental field. The hotel donated money to The CarbonNeutral Company and the money will go towards a Solar Electrification project in India and Tree planting project in Uganda. The Rezidor Hotel group is the first hotel company worldwide to offer all guests carbon offsetting possibilities through the free loyalty programme, goldpoints plusSM.



Communicating Climate Change

Four times a year the Radisson SAS Hotel Linköping arranges environmental and climate lectures in cooperation with the University of Linköping and the municipality of Linköping. The lectures are held in order to raise the awareness of the human impact on the environment and the climate and have been very well-received.



Purchasing Hybrid Cars

During the year, Park Inn Zurich Airport purchased Toyota Prius Hybrid cars for its Sales force. Its superior fuel economy means less fuel consumption and less emissions which contributes to the hotels ambitious environmental goals.



Improving Resource Efficiency

The Radisson SAS Hotel Ankara has achieved significant savings of natural gas and reductions in chemical use through innovative use of unipolar magnets. These magnets allow the natural gas to be ignited efficiently reducing wasteful use. The technology also prevents accumulation of lime in washing water which reduces demand for detergent and softener. In addition the hotel achieved substantial energy reductions by installing sensors for all lights in staff areas.



Reusing Water

Ensuring sufficient water supply is always a challenge for the Radisson SAS Resort, Sharjah, with its large gardens and the hot climate. Over the past five years, they have increased the proportion of their water consumption that is re-used to 75 percent. All grey water which comes from the hotel rooms, public areas, kitchen, restaurants, etc. is filtered then pumped into giant tanks holding 14,000 gallons of water. Each day, the hotel's Green Team utilizes these tanks twice. Another water holding device was constructed to collect all rain run-off water from drains as well as backwash from the pool and surrounding area, which is then sent to the recycling tanks for use in the gardens.



Recycling Cards

Park Inn Telford asked members of their inaction health and fitness club as well as staff to donate their old Christmas cards which for recycling. They worked hard with a local primary school to collect as many cards as possible and the revenue raised was donated to a local cancer charity.



Improving Fitness Benefiting Charity

As part of the Responsible Business Action Month activities in September, the Radisson SAS Hotel, Dubai Deira Creek organised a programme called Charity Through Fitness to engage the staff members to challenge themselves to get fit and at the same time benefit charity. Those who wished to participate were invited to undergo a free consultation by the hotel's Health Club Manager and Gym Instructor. Participants were challenged to lose or gain weight as appropriate and the hotel donated a small sum for each kilo lost/ gained resulting in a total of €300 for the World Childhood Foundation.



Raising HIV/Aids Awareness

The Radisson SAS Hotel, Waterfront in Cape Town, South Africa recently held a compulsory Aids Awareness information session for all employees, followed by a voluntary, confidential HIV/ Aids pre-counseling and testing session. The limited knowledge and lack of awareness about HIV and Aids amongst many employees is often due to not having access to the correct information regarding the virus and where to find help. The programme was a huge success with 171 staff members participating and a staggering 94 percent volunteered to be tested.

As a result, all employees are now empowered to respond to their HIV status and they now have access to an infrastructure in the community who will be able to give them and their families the support if required.



Helping Guests Stay Healthy

The Radisson SAS Hotel, Astana, has many guests who are eager to participate in physical exercise and activities, even away from home. For those who enjoy jogging and are interested to see some more of Astana, the hotel has prepared a special jogging map showing a variety of challenging and exciting routes in the central park of Astana situated very close to the hotel. Every morning and evening guests can help themselves to the map, a towel and mineral water and enjoy some exercise while taking in the sights and scenery.



Helping People in Need

The Radisson SAS Park Lane Hotel, Antwerp, donates their leftover food twice weekly to the city's Food Bank. The food is then redistributed to families in need. The hotel contribute regularly with a local children's home, helping out with birthday cakes, sponsoring of toys and clothes and general assistance. The hotel also donated old furniture, curtains and bedding to charity after their recent renovations.



Cleaning the Zoo

Active and animal-loving employees of the Radisson SAS Béke Hotel gathered this spring in the Zoo of Budapest to help clean up the homes of the animals. After cleaning windows, painting benches and picking up garbage staff enjoyed a picnic together in the company of birds, chimpanzees and the new-born rhino baby. The hotel hopes their work contributes to the success of the Zoo of Budapest so that children can continue to learn about animals and nature.



Celebrating Diversity

In recognition of the 22 nationalities working at the Radisson SAS Hotel & Spa, Galway, the hotel organised a week of cuisine from all over the world during Responsible Business Action Month.



Helping the Hospital

Each month the Radisson SAS Hotel, Kiev donates several kilos of used soaps and slippers to a local children's hospital. After careful washing slippers are re-used by hospital visitors while old linen napkins are sterilised and used during operations and in daily work of the hospital.

Airline staff were so impressed with the hotel's work that they wrote about it in their destination guide encouraging their colleagues to bring clothes, toys and footwear to the hotel for distribution to those in need.



Screening Sports

The Radisson SAS EU hotel had the clever idea of screening one of the Rugby World Cup matches between France & Ireland this Autumn selling refreshments in aid of World Childhood Foundation. Staff members and their families mingled with guests creating a great atmosphere and raising over €300 for our corporate charity organization.



Sponsoring Walks

The Radisson SAS Hotel London Stansted Airport organised a ten mile walk around the Airport perimeter for charity raising over €500 for the World Childhood Foundation. Amongst those walking were hotel guests, members of the hotel's sales & accounts offices, maintenance department, leisure club, reception and the General Manager.



Organising Children's Fun Day

The Radisson SAS Hotel Rostock organised a Children's Fun Day event in the forecourt of the hotel for local children and their parents in aid of World Childhood Foundation. They offered a bouncy castle, a clown, face painting, a variety of games, a jumble sale and even had the co-operation of the local police and fire fighter with their cars and fire engines. The hotel informed visitors about the work of Childhood and raised over €500 for the charity.

Our View of Sustainability

DEFINITION OF SUSTAINABLE DEVELOPMENT AND RESPONSIBLE BUSINESS

The notion of corporations assuming a greater societal and environmental responsibility, often called Corporate Social Responsibility (CSR), has grown in importance during the past decades. This is in part due to the challenges that globalisation brings, but also because there is increasing awareness that being responsible makes good business sense. There are many interpretations of what actually constitutes CSR, but the term generally refers to business decision-making linked to ethical values, legal compliance, plus respect for people, community and the environment.

At Rezidor, we have chosen to refer to our CSR work as Responsible Business (RB) because we believe it is our personal and professional responsibility to make things happen – very much in line with our core philosophy, “Yes I Can!”. Without taking that responsibility, we cannot make a difference or sustain long-term profitability.

VISION AND STRATEGY

Our Responsible Business vision is that we should take a leadership role in the international hospitality industry. We will also strive to achieve recognition and to reap the economic values of that leading position. In order to be a leader, our Responsible Business programme must touch upon the work routines of all employees. Moreover, the programme must be continuously updated and improved, and our work with RB measured to spur continuous improvements.

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- Rezidor’s first environmental programme was launched as early as 1996.
 - In 2001, the programme expanded to encompass the three pillars of Responsible Business: health and well-being, social and ethical, environmental responsibility.
 - Rezidor is one of the few international hotel chains with a comprehensive structured RB programme encompassing all hotels, brands and countries of operation.
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Our Sustainability Impact

STAKEHOLDERS

Our long-term success depends on our understanding of, and ability to address, the needs of those who affect or are affected by our operations. In our Responsible Business programme eight key stakeholders are identified: employees, customers, property owners, shareholders, suppliers & business partners, local and global communities, authorities and the natural environment.

Identification and Selection

Rezidor is a substantial hotel management company with close to 66,000 rooms in 326 hotels in operation and under development spread over almost 50 countries in Europe, the Middle East & Africa. As one of the largest and fastest growing hotel companies in the world, we recognize that we have an impact on a very wide selection of stakeholders, either directly or indirectly. But, in order to make a difference and support sustainability, we need to focus our efforts towards key stakeholders.

The basis for identifying our key stakeholders is mainly relates to the extent that we influence or impact them: economically, socially and environmentally. We attempt to estimate the interdependence between Rezidor and these stakeholders and focus our efforts where we have the potential to make a difference.

Stakeholder Concerns and Engagement

Our stakeholder relations encompass a number of environmental, social and economic issues, such as efficient use of resources, limitation of emissions and waste, childrens' rights and wellbeing, workplace and guests' health and safety as well as cultural heritage.

Many of our stakeholders have differing expectations, and these may sometimes be contradictory. A responsible business must be able to balance these different expectations so that, within reason, all stakeholder groups feel their demands are being met.

Stakeholders' key concerns:

- **Employees** – fair and equal treatment, secure and safe working environment, training and career progress, good pay.
- **Customers** – leading service, good value for money, flexible approach, gentle to the environment and responsible, good global coverage, benefits and generous loyalty programmes.
- **Property Owners** – generate a good return manage the property, high level of security.
- **Shareholders** – transparent information, sound strategy and corporate governance, high return on investment and minimisation of risks.
- **Suppliers** – fair and equal treatment and value-based pricing.
- **Community** – forming an active and responsible part of society, sponsor projects, contribution to infrastructure and raise level of attraction of destination.



- **Authorities** – compliance with rules and regulations, financial contributions (taxes and fees).
- **Environment** – limit consumption of energy, water, chemicals and be resource efficient, protect biodiversity, minimise waste generation, responsible purchasing, reduced transport.

KEY ISSUES, RISKS AND OPPORTUNITIES

The World Travel & Tourism Council (WTTC) estimates that the travel industry generates 231 millions jobs and contributes 10.6 percent of the global gross domestic product (WTTC, 2007). An industry of this size has a considerable impact on social, economic and environmental conditions around the world.

The hospitality industry has a plethora of issues, risks and opportunities to deal with related to sustainability. Hotels are a part of the local community and operate buildings that consume a great deal of resources. The positive aspect is that incentives to be responsible are most often in line with business objectives and profitability.

There are many ways to run a hotel business – different business models have impact to an extent on how a hotel operator can manage risk and also take advantage of opportunities related to sustainability. Rezidor's business model, operating hotels but not owning the property, sometimes limits the actions we can take. But by and large we control many of the key issues and risks pertaining to sustainability and we are actively exploring the business possibilities.

Rezidor's Responsible Business programme was launched in 2001. The programme was instated to increased awareness and readiness to handle risks, but more importantly as a means to realise the goal of being an industry leader with solid long-term profitability.

USE OF RESOURCES AND ADVERSE CLIMATE EFFECTS

Operating over 300 hotels around the world requires large amounts of raw material, energy and water, and generates substantial amounts of waste. Rezidor's main environmental impacts are energy use and the consequent contribution to climate change, in addition to the consumption of materials. A hotel's environmental impact varies depending on location, type of hotel (e.g. resort, downtown and airport), and year of construction.

The buildings sector, to which hotel companies' operations are tied, contributes to about 21 percent of the global CO₂ emissions; 8 percent through emissions from primary fuel types (coal, gas, oil) and about 13 percent generated from power production to meet electricity demand from residential and commercial buildings. The tourism industry on the other hand is estimated to contribute to approx 5% of global CO₂ emissions.

If poorly managed, hotels can consume considerably more energy per occupant than households. Implementing energy efficiency measures is therefore important. Not only because energy is scarce at many tourist destinations, but also because of the significant emissions generated as a result of energy consumption.

The risk of climate change is evident and the hotel industry and Rezidor can help mitigate effects. Fortunately there are strong incen-

tives to work hard, as the climate curbing actions and investments often yield direct economic results (regularly at a good rate of return). Also, customer preference is developing to favour hotels that can prove that they have minimised their impacts. Profitable business and responsible business align, which should mean a competitive advantage for Rezidor in the future.

IN	OUT
Energy	Emissions to air
Freon and halons	Carbon dioxide emissions
Water	Sewage water
Food & Beverages	Waste
Chemicals	Hazardous waste
Stationary	Organic waste
Disposable items	
Newspapers and brochures	

PHYSICAL IMPACT AND LAND USE

Rezidor's business strategy is to operate hotels and not own properties. In this sense the company does not directly use land, but as Rezidor's operations facilitate and finance land use, the effects of land use are nevertheless an issue.

Hotels have a significant physical footprint. The buildings are often sizable and the landscaped premises encompass considerable areas. Yet, all in all, a hotel establishment often has a positive contribution to its neighbourhood as hotels bring in visitors that generate business. The generation of business and the direct efforts to develop local communities (such as outreach programmes, clean-up days, landscaping efforts) often uplift the physical environment surrounding the hotels.

Ultimately the local community, and its condition, is of utmost importance to running a profitable hotel operation. Rezidor actively contributes and helps communities prosper as we view this as an opportunity that yields a good return.

ECONOMIC INFLUENCE AND EMPLOYMENT

IBLF's (International Business Leaders' Forum) Tourism Partnership estimates that one job created in the tourism industry generates about one and a half additional jobs in other industries (for example restaurants, sightseeing, taxis, laundries, etc.) Also, hotels help to create job opportunities and provide incomes in regions where the possibility for industrial activity is small, thus providing an opportunity for people to stay in areas with otherwise difficult employment circumstances.

Rezidor is no different; we have a direct and substantial effect on first and foremost local communities as an employer and purchaser. The Rezidor Hotel Group employed 5,572 employees in leased hotels during 2007, of which 3,087 were women. Taking into account all hotels, under all contract types, 26,000 employees were working under one of the Rezidor brands during 2007. Personnel costs, such as wages, training and benefits, are by far the largest cost for the company, 52.7 percent, amounting to MEUR 266. In addition Rezidor purchases MEUR 518.7 of materials, in which a considerable part benefits local producers.



The International Labour Organisation (ILO) estimates the cost of replacement per employee to be between 2,000 and 7,000 Euro. Failure to guarantee good working conditions and implement successful recruitment and retention strategies may undermine the sector's ability to access and retain labour in the long term, with an impact on costs. Also poor working conditions can lead to labour disputes that may harm the brand image and reputation of a company.

Rezidor sees an opportunity in investing in its employees and strives to provide favourable working conditions to retain them. This contributes to delivering a high quality service, an important value driver and differentiator from other hotel chains and brands. There is empirical evidence supporting the fact that a hotel's ability to take care of customers does result in a price premium. It is the employees and their commitment and training that make this happen.

COMMUNITY INTERDEPENDENCE

Tourism is dependent on a healthy local economy as well as cultural and natural heritage. Hotel companies contribute positively to the social and economic development of regions in which they operate. Hotels more often than not hire a majority of their employees locally and pay local taxes; tourists spend money on local goods and services, thereby boosting the local economy. Hotels are dependent on the goodwill of the community – making additional investments in the area and working to support local charities can help to maintain good relations with local communities.

It is interesting to note that Rezidor's business model, where 21 percent of hotels (68 hotels) are operated on franchising basis, actually strengthens the local bonds and economy. Franchised hotels are generally owned by local owners and only a small share (the franchising fee) goes to Rezidor. So a great deal of the income generated is actually staying in the local business community, hopefully re-invested to benefit the region.

To respect the co-dependency and to strengthen the community, Rezidor strives to hire local people when possible and many hotels make a special effort to employ people who for some reason may have difficulty accessing employment. For example, the Radisson SAS Hotel in Warsaw has joined IBLF's Youth Career Initiative which aims at providing young people from less advantaged communities internship placement in the hotel teaching them professional work skills. We also give support through the restoration of cultural heritage sites, by sponsoring local events and charities and by partnering with research and interest organisations.

Being well thought of helps to safeguard our reputation and strengthen our brand. This may enable us to more easily acquire licenses to operate and facilitate the process of establishing operations and securing business partners in local markets.

HUMAN RIGHTS AND CORRUPTION

Key human rights issues for the hotel industry include fair wages, women's rights, skills requirements, the ability to join trade unions and collective bargaining. Breaches of good practice and association with social problems can cause considerable long-term damage to a company's reputation and may result in a company being denied future licenses to operate, sometimes even facing international boycotts.

Rezidor operates hotels in countries where corruption and human rights issues exist. We do not in any way participate or condone practices that breach international declarations. On the contrary our presence can be a positive influence. We work to rid prevalence of such social problems hands-on, strengthening local communities by running a responsible operation.

The UN Declaration of Human Rights underlies our relationship with our employees. All hotels within Rezidor comply with local laws regarding working hours and payment, and employees are free to join trade unions if they so choose and bargain collectively in accordance with local laws. Moreover, our hotels have routines in place to ensure that discrimination due to age, race, religion, gender or disability does not take place in line with our Equal Opportunities Policy.

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- Pursuant to the European Union Directive on works councils (94/45/EC, the "Works Council Directive") Rezidor has established a European Works Council, which has been entered into by and between representatives of our central management and employee representatives, and is valid until March 2nd, 2008.
 - Annual meetings are held, where issues such as the company's finances, performance, future ventures and other paramount issues, are discussed with employee representatives.
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The right of younger workers is important due to the high degree to which the hospitality industry employs younger people. In 2007, those aged 15 to 29 accounted for over one third (36.2%) of those working in hotels and restaurants in Europe (EUROSTAT, 2007). Many hotel jobs are seen as low-income employment but the hotel industry provides a good path for upward mobility compared to other industries. It is critical to ensure that we have no child labour in our hotels and this is achieved through local hiring policies.

A strong understanding and respect of cultural differences is also important, as we employ up to 25 different nationalities in some hotels and operate hotels in 42 countries (read more about how we handle diversity and handling of discrimination).

SAFETY AND SECURITY

The hotel and tourism sector is highly dependent on the public's perception of global health and security risks. Security scares can reduce demand for hotel and tourism services. The safety and security of guests, employees and property is an imperative aspect of hotel operations. Since the terrorist attacks in the US in 2001 and in London in 2005, there has been a great shift in how hotel security is perceived.

At the Rezidor Hotel Group we understand that maintaining the high levels of safety and security that guests, employees and owners rightfully expect is only achievable through the everyday actions of every employee at every level in every hotel in every country.

The goal of the Rezidor Hotel Group Corporate Safety and Security, headed by our Vice President, Safety & Security, is to protect the company's employees, clients, owners and assets from potential threats. We have a structured risk management agenda called TRIC=S, with proactive behaviour, gathering and sharing information throughout the company. The lines of communication regarding safety and security issues are kept open and the focus is on prevention.

Examples of actions to keep us safe:

- We work to limit the risk of any guest becoming injured, ill or suffering any loss while visiting a Rezidor property.
- To protect the assets and investments of our owners, we will actively work to prevent operational disruptions in the hotel and to ensure that any disruptions that may occur are as limited as possible, both in cost, length and degree.
- All hotels will actively work to prevent fires and reduce the risk of igniting fires on hotel property.
- All hotels will have equipment, procedures and training programmes designed to limit the risk of damage done if a fire should occur.
- The 1-2-3 programme (Alert, Save Lives, Solve the Problem) is used as a tool to help fulfil our Safety and Security policy.

The Responsible Business Programme

Rezidor's Responsible Business (RB) programme builds on the principle of sustainable development, where all hotels shall strive to take economic, social, ethical and environmental issues into consideration when making decisions in their everyday work.

Our long-term success depends on our understanding, and ability to address, the needs of those who affect or are affected by our operations. Therefore, the RB programme is built around eight key stakeholders: employees, customers, property owners, shareholders, suppliers & business partners, local and global communities, authorities and the natural environment. Our stakeholder relations encompass a number of environmental, social and economic issues, such as efficient use of resources, limitation of emissions and waste, children rights and health, workplace and guests' health and safety as well as cultural heritage.

POLICY

The Responsible Business (RB) programme is structured around the RB Policy, which in turn is structured around stakeholders and their expectations of the company from an economic, social and environmental point of view. Rezidor's Responsible Business Policy consists of eight specific stakeholder initiatives:

Employees

We shall educate and facilitate for our employees to make a conscious decision in favour of environmental and social issues in their private and business lives.

Customers

We shall inform and make it easy for our guests to participate in RB related activities at our hotels.

Property Owners

We shall work together with property owners to find innovative solutions that satisfy our economic, environmental and social objectives.

Shareholders

We shall provide shareholders and investors with timely, accurate and transparent information on responsible business related risks and opportunities.

Suppliers

We shall strive to purchase products that have a reduced environmental impact during their life cycle, from suppliers that demonstrate environmental and social responsibility.

Community

We shall take an active role in the international RB community, and contribute to the local communities where we operate.

Authorities

We require our managers to abide by local and international legislation, especially regarding labour laws, health and safety, human rights and the environment.

Environment

We shall do our utmost to ensure that our business is environmentally sustainable, and that we continuously improve performance in the areas of energy, water, chemicals and resource consumption, and waste generation.

STRUCTURE OF THE PROGRAMME

Under each initiative in the policy described above, there are objectives that state our ambitions for each area. These objectives are in turn made practical through suggestions for actions, underpinned by performance-based targets.



- Responsible Business related issues are discussed in every issue of Rezidor's quarterly internal employee magazine, Hotline.
- 96% (95) of the hotels have RB as a standing topic on the agenda for their departmental meetings. 40% (40) of the hotels have a reward scheme in place, rewarding staff for action in the area of social and environmental performance.
- 95% (93) of the hotels performed RB related internal awareness campaigns during 2007.
- To encourage and reward those hotels that implement and promote Responsible Business consistently in their properties, we give an RB Award at Rezidor's Annual Business conference.
- In 2007, the Radisson SAS Resort in El Quesir, Egypt received the RB Award in recognition of their exceptional projects such as an educational green house and gardens, grey water recycling, solar energy for their electric club carts and water heating, monthly beach cleaning, a reef educational centre and an educational and cultural development centre for staff, guests and the local community. By the end of 2007, the hotel also obtained a Green Globe Benchmarked Bronze status.

We have equipped our hotels and General Managers with several tools to better manage their local cultural heritage, community involvement, employee well-being, children's rights, health and safety and environmental performance. Each hotel devises its own personalised RB Action Plan based on the overall corporate objectives. Hotel employees are guided by a manual; a Quick Guide for all brands and a detailed Handbook for Radisson SAS. RB training for all employees as well as internal and external communication materials are also available for all brands. All these tools are up for revision during 2008.

GOVERNANCE

Governance of sustainability issues is treated in the same way as any other important strategic business issue. There is no separate governing body to influence the area of responsible business, this aspect is fully integrated into the overall governance of Rezidor. Rezidor's man-

agement is based on empowerment, which means that the ultimate responsibility for responsible business lies with the Executive Committee at corporate level and General Managers at hotel level. To read about Rezidor's governance, please read the Corporate Governance Report.

To support the Executive Committee, Rezidor has instated a Vice President for Responsible Business, who together with the corporate RB department facilitates sustainability work and its impacts. The VP for Responsible Business reports directly to the Executive Committee.

From an operational standpoint it is the General Manager of the hotel that is ultimately responsible for the hotel's Responsible Business activities. To assist him or her there is an assigned Responsible Business co-ordinator at each property who then establishes an RB Team consisting of employees from different functions and all levels of the organisation. The team members work with the co-ordinator to review current practises, and act to achieve and audit the results of the programme. This includes ensuring that the information regarding the RB programme is disseminated to all departments of the hotel.

There is also a regional framework in place for Responsible Business, supporting the hotels at a regional level and providing a liaison between the hotels and the corporate Responsible Business team. The regional RB co-ordinators meet twice a year at the RB Forum, where they are informed about and discuss the most recent developments and plans for the RB programme and share best practice.

Rezidor's Responsible Business (RB) programme ensures that we:

- are responsible for the health and safety of our employees and guests,
- respect social and ethical issues within the hotel as well as in the local and global communities and
- reduce our negative impact on the environment.



Economic Results

Long term sustainable profitability and growth require Rezidor's operations to be able to meet demands set by customers and society at large. These include environmental standards as well as requirements for social accountability and ethical behaviour. Moreover, responsible business reduces operational costs; efficient use of natural resources, such as energy, and waste reductions lower operational costs and mitigate environmental risks – along with the associated legal, insurance and financial expenses.

We predict that for the travel & tourism industry, and more specifically the hotel industry, the coming years promise many interesting opportunities for responsible hotel companies as customer demands for so-called "green" or responsible travel increases. In the past, few of our corporate clients had green travel policies and guests were somewhat apathetic regarding the environmental impact of their hotel stay. However this is changing at a fast pace with many large international companies now issuing "low-carbon" travel standards and individual guests taking into account environmental and ethical concerns when choosing accommodation. To be able to inform clients of our environmental and social profile has become an important part of the sales and marketing process. We believe Rezidor will have the opportunity to enjoy a comparative advantage due to our long-standing work with responsible business.

From a capital cost and shareholder perspective we see an increased interest emerging from investment funds, banks and the SRI (socially

responsible investment) community with regards to companies' environmental and social performance. Morgan Stanley estimates that in the near future, 15% of managed capital in Europe and the US will be managed according to responsible business investment criteria. We estimate that about 10 percent of our shareholders invest with SRI criteria and a majority of those have signed up to the Principles for Responsible Investing (PRI).

Key developments during 2007

- Over 50% of the hotels reported having initiated investments aiming at improving their environmental performance. These investments were mainly in the area of energy efficiency and waste management.
- The contribution to charity organisations from the hotels and corporate office doubled in 2007 compared to the previous year. Especially contributions at hotel level to various local and regional charity organisations increased substantially.
- Energy costs have gone up substantially in the past few years, and despite a focus on energy savings, we rather avoid costs than save money due to the heavy price increases.

CLIMATE CHANGE EFFECT ON EARNINGS AND RISKS

Rezidor does face risks due to climate change. First and foremost, if the travel industry fails to reduce carbon dioxide emissions, it is generally accepted that the rate of travel will decrease either as a result of legislative and regulative pressures (for example carbon tax) resulting in increased travel costs, or through voluntary actions of our customers to limit travel. But there are also risks for more sudden impacts caused by climate change – for example disrupted travel patterns due to natural disasters or damage to hotel properties due to severe weather events such as storms or flooding. The effects on earnings and risk as a qualitative measure are impossible to estimate to date. Associated costs such as those related to energy consumption, water use and waste disposal are already measured however, and a rise in costs is already taking place impacting our operational costs.

We handle risks through our Responsible Business (RB) programme and our safety and security work. The framework for managing operational risks is presented in the Annual Report.

One of our main challenges is to devise and implement a strong climate change strategy adjusted to the different conditions in the 42 countries where we operate hotels. We need to work actively to reduce our carbon footprint and this involves closer discussions with our property owners, constructors and architects. Being a hotel management company, rather than owning our hotels, means this process is not so straight-forward as many of the actions we need to implement require investments in the properties. This entails the property owner taking the initial investment cost, while the hotel would benefit from the reduced operational running costs.

A close dialogue with our property owners regarding Responsible Business and the related investments is therefore important for the success of the RB Programme. In 2007, 90 percent of the hotels reported that they are in close discussions with their property owner on Responsible Business. Over 60% also responded that they consider Responsible Business practices when renovating and refurbishing their hotel, and consequently are discussing RB related investments with their property owner.

In addition to investments in existing properties, it is important that we minimise the environmental impact from the beginning of new projects by utilising smart design. We are currently in the process of developing Sustainable Construction Guidelines to be used in conjunction with our Technical Standards when building new properties.

Over 50 (40) percent of hotels responded that they undertook some kind of environmental investment during 2007. As the types of investment vary substantially between hotels, we do not provide a consolidated figure for investments made. Investments were mainly carried out in the areas of waste management, e.g. installation of waste com-



pactors and increased sorting facilities, and energy savings, e.g. sensors, low energy demand equipment, and energy audits, as well as legionella prevention investments. Several hotels also reported savings made due to these investments, mainly thanks to energy audits, improved waste sorting and automatic control of water usage in public areas.

Direct costs of Responsible Business

Costs related to Rezidor's responsible business programme	
TEUR	2007
Environmentally related costs	
(e.g. energy and waste disposal)	23,304
Costs related to the RB programme	711*
Costs related to training of employees	2,531
Costs related to donations to local communities or charity organisations	718
Security related costs	375*
Total	27,639

*) The costs here reported regarding "costs for the RB programme" and "security related costs" relate to personnel, consultants and development costs at corporate level. In addition to these costs, the hotels bear the cost of hotel-specific improvements in the area of energy, water and waste management, as well as security related start-up audits and workshops. There is no central overview of these costs.

BENEFIT PLANS

Benefit plans are covered in the Annual Report section, Note 10. An overview of wages and benefits can be found in the social chapter of the reporting section.

GOVERNMENTAL FINANCIAL SUPPORT

The Rezidor Hotel Group receives no direct and significant financial subsidies from governmental organisations in the countries where we operate hotels.

Worth mentioning is however support to two specific Responsible Business related projects from the Danish International Development Agency (DANIDA). The Radisson SAS Resort in El Quesir, Egypt received TEUR 33 in support for establishing the Radisson SAS El Quesir Development Centre, and the Radisson SAS Resort in Taba received approx. TEUR 26 in support of establishing the Radisson SAS Taba Community Development Centre as well as installing water saving units. Both projects are in compliance with Danida's Country Development Profile due to establishment and development of jobs, training and education of staff and local inhabitants in community.

PURCHASING AND LOCAL SUPPLIERS

With close to 66,000 rooms in 322 hotels in operation and under development in almost 50 countries in Europe, Middle East & Africa, a large proportion of our spending is directed towards locally-based suppliers. Totally we purchased products to a value of MEUR 518.7 in 2006, where only 22%, i.e. MEUR 112, was purchased through our central purchasing programme. The rest is purchased through regional or local agreements.

Rezidor's central purchasing programme is an online market platform which allows registered buyers and suppliers to exchange information about products needed and offered. This is creating a win-win situation for both market sides, supply and demand, as it leads to reduced transaction costs for both the supplier and the buyer.

In addition to the information function of the corporate Purchasing Department which is to provide different business units with information about best quality products at a suitable price, the Purchasing Department also ensures that contracted suppliers keep in line with the conditions of Rezidor's corporate Responsible Business philosophy.

A hotel's use of local services and products, and even more so those of its guests, also represent a beneficial economic influx to the local community. Two thirds of the hotels respond that they have a policy

in place encouraging the purchase of locally produced goods and services. The direct economic value of this contribution is not estimated. Moreover, in locations where we operate with franchised and management contracts, a large portion of the direct income stays in the local community due to our business model with a fee going to Rezidor and the rest of the revenue staying with the hotel owner.

LOCAL WORKFORCE AND MANAGEMENT

Rezidor has a direct and substantial effect on local communities as an employer and purchaser. The majority of employees working for Rezidor live in close proximity to the hotels. We hire a diverse and relatively young workforce and try to recruit our management internally, providing training and a viable career path. 5,572 employees were employed in leased hotels during 2007, of which 3,087 were women. Personnel costs, such as wages, training and benefits, are by far the largest cost for the company, 52.7 percent amounting to MEUR 266.

IBLF's Tourism Partnership estimates that one job created in the tourism industry generates about one and a half additional jobs in other industries (for example restaurants, sightseeing, taxis, laundries etc.) Also, hotels help to create job opportunities and provide incomes in regions where the possibility for industrial activity is small, thus providing an opportunity for people to stay in areas with otherwise difficult employment circumstances.

INFRASTRUCTURE INVESTMENTS

The hotels we operate are highly dependent on local infrastructure and the well-being of the surroundings. The establishing of our hotels often results in a considerably better condition of local infrastructure (such as walkways and parks) by bringing in economic interests making investments viable. It also happens that we may directly contribute to establishing and financing infrastructure when opening a new hotel, which is the case for example with leased hotels. In addition, many hotels reach out to help manage public property by clean-up days or to facilitate improvements through donations of money or materials.

ENDORSEMENTS AND SPONSORSHIPS

Our hotels sponsor many charities and non-profit initiatives on a local level through actions such as fund-raising assistance, training, free meeting rooms and other in-kind donations. These organisations support everything from poverty alleviation, people with disabilities, cultural heritage and nature. In total, the hotels raised TEUR 602 for various local and national charities in 2007. You can read more about these actions on the websites of the individual hotels.

The Rezidor Hotel Group is also proud to have the World Childhood Foundation as its international charity organisation since June 2007. The World Childhood Foundation is a non-for profit organisation dedicated to serving the most vulnerable children in the world: street children, sexually abused and exploited children, children trafficked for the sexual purposes and institutionalised children, with a particular focus on girls and young mothers. Through various fund-raising activities at hotel and corporate level during the autumn, we managed by the year-end to raise 60,000 euro for Childhood.

Even though the corporate partnership with Save the Children ended at the beginning of the year, our loyalty programme goldpoints plusSM continued to co-operate with the organisation until September. This resulted in 57,000 Euro being raised from loyalty programme members donating their collected points for charity rather than redeeming them for new guest nights. With this support, Save the Children's local organisation will be able to support the building of two schools in the Democratic Republic of Congo (M'buji May Province of Kasai Orientale) during 2008. The project will provide the schools' pupils with essential equipment such as desks, chairs and chalkboards and give at least 840 children access to education in a safe and positive learning environment.

Thus, the total contribution from Rezidor to multiple charity organisations during 2007 was TEUR 718.

Environmental Results

Operating hotels involves the use of raw material, energy and water, and results in waste generation. Rezidor's main environmental impacts are a result of energy use and the consequent contribution to climate change, in addition to consumption of materials in its 168 managed and leased hotels in operation.

The environment is directly or indirectly considered in most of the eight policy statements that form the Responsible Business (RB) Policy. All stakeholders are thereby included in the task of building and operating our business in an environmentally sustainable way. The operational responsibility for the environmental aspects of the hotels lies with each General Manager, supported by Responsible Business co-ordinators and an RB team in each hotel. Read more about the structure of the programme and its governance. Employees are educated to be able to make conscious decisions in favour of the environment and we strive to make our guests aware of how they can help. Suppliers are selected from among those that demonstrate environmental responsibility.

So far, 15 percent (9 percent 2006) of Rezidor hotels have obtained a third party environmental certification. Most of these hotels are located in the Nordic countries. Until now, the decision to seek third-party certification is made by the hotel with support from the corporate office, as well as the regional RB co-ordinator. Hotels that have received such certifications were required to make some adjustments in order to comply, but in general the RB programme prepared them well for the external audit and certification process. The focus of these certifications is on concrete savings, better indoor environment, waste management, energy efficiency, environmental training of employees and informing guests about the RB programme.



The main third-party certifications for Rezidor by year-end:

- Nordic Swan Eco-label (9 hotels)
- Norwegian Miljøfyrtårnet (3 hotels)
- Austrian eco-label (1 hotel)
- Green Tourism Business Scheme (3 hotels)
- Green Key (5 hotels)
- Green Globe (1 hotel)
- Golden Leaf Green Certification from Chinese Hotel Rating Star Committee (1 hotel)
- Ecodynamique Enterprises for Brussels (1 hotel)
- Swedish Miljödiplomering (1 hotel)

Environmental key indicators for hotels in operation

	Radisson SAS	Park Inn	Regent
Energy consumption, kWh per guest night	71 (69)	64 (54)	135 (180)
Water consumption, litre per guest night	475 (468)	403 (389)	518 (591)
Residual waste, kg per guest night	1.74 (1.69)	2.16 (2.24)	1.25 (1.96)
Guest nights, 1,000	9,668 (8,764)	2,537 (2,396)	98 (76)

2006 data in brackets.

Key developments during 2007:

- Regent hotels' hard work paid off this year as they achieved significant reductions in all the environmental indicators. Moreover, the carbon footprint for the company as a whole went down by 5% measured per room night.
- Eleven hotels obtained third party environmental certifications across Europe and a decision was made end 2007 to ensure a higher application level for these eco-labels during 2008.
- It is however disappointing to observe that energy and water indicators for Radisson SAS as well as Park Inn increased during 2007, despite many investments in the area and a strong internal awareness focus on savings. We notice that hotels with older buildings and in countries with lower environmental awareness that came online during the year were a contributing factor. Moreover, many hotels were under renovation this year which contributes to both increased energy and water consumption.

MATERIAL USE

Many of our social and environmental impacts are derived from activities in our supply chain. As a hotel company we use a large variety of products and the majority of our material use is in the form of products we purchase from suppliers. Controlling whom we buy products from and what we buy is an important part of our strategy to reduce our negative environmental and social impact.

For some products where we buy large quantities and where we perceive the negative environmental impact to be high, we have set strict environmental performance demands. Moreover, our corporate contracts include a set of environmental and social criteria that our suppliers are expected to comply with. On a hotel level, 60% of the hotels have included environmental, social and ethical criteria into the contracts with their suppliers. A third of the hotels have also performed audits and visits to their suppliers to follow up on their Responsible Business performance.

We try to positively influence our suppliers by providing incentives to develop environmentally sound products produced in a responsible way. Value for money, quality in relation to price, will always be our prime concern. Once we are satisfied with these parameters, we always choose suppliers and products with the most advanced Responsible Business profile. In other words, with all things equal, we select the most ethical/environmental product.

Examples of good practice

- All RB communication material including posters, key card wallets, postcards and information brochures is printed on 100% recycled paper.
- The Radisson SAS Resort, Sharjah strives to reuse plastic containers of all shapes and sizes in which food or chemicals have been packaged. Empty containers are washed thoroughly and then re-used by the gardening team in their nursery for planting seeds, cuttings and other reproduced plants and trees.
- During 2007, Radisson SAS adopted new guest amenities rendering the display stand of the previous cosmetics obsolete. The corporate RB team used this experience to encourage hotels to come up with innovative ways to give these stands new life at their properties and were happy to receive a multitude of suggestions including vases,

desk tidies, finger food displays, glass holders and games. Ultimately we were able to arrange for all remaining amenity stands to be collected by the supplier for recycling.

Waste and spills

Solid wastes are generated by many activities in our hotels like cooking, pre-packaged items consumed, reading of newspapers, cleaning etc. We have an active agenda to try to minimize our generation of wastes and enable recycling. We invest in technology like fat separation devices and set up routines when for example cleaning the rooms and premises. We also buy products that minimise waste once used by setting central and regional purchasing policies and routines as well as purchasing for example refillable pre-set dosage cleaners.

The indicator for residual waste (i.e. waste going to landfill or incineration) went up by 3 percent for Radisson SAS hotels as compared to 2006. This is a result of increased number of hotels in regions with limited waste sorting infrastructure. Despite the addition of two large Park Inn hotels in Russia, where waste-sorting facilities are limited, Park Inn hotels managed to reduce their residual waste per guest night by 4 percent.

With regard to waste, we are very much dependant on available waste-sorting infrastructure in the countries where we operate. As a result, the amount of residual waste ranges from 0.96–0.99 kg per guest night for the Radisson SAS hotels in Germany and the Nordics, to 2.76 kg per guest night in the UK and 3.89 kg per guest night in Russia and the Baltics.

Spills are marginal and not centrally reported, though discharge and chemical use is tracked and controlled. There were no significant environmental spills or leaks during 2007.

Examples of good practice

- During 2007 the Park Inn Nottingham trialed recycling baskets, encouraging guests to take a proactive role in the RB programme. Baskets were placed in a variety of room types and had a clear notice explaining what can be recycled included, glass, paper, cardboard, tins and plastic. A success rate of over a 90% success rate was achieved and the hotel will roll this out to all bedrooms following their refurbishment.

Common actions to reduce waste are:

Use returnable glass bottles	76% (78)
Waste/cardboard compactor available in the back-of-house area	58% (58)

The above percentages represent number of hotels of total having implemented the actions in question. 2006 data in brackets.

ENERGY USE

Our energy consumption consists of electricity, district heating and cooling, heating oil, natural gas, and LPG gas. Energy costs as a share

of Rezidor’s total costs is 4.6 percent (5), and during 2007 we spent TEUR 23,304 (22,407) on energy related costs for leased hotels. Rezidor is committed to contributing to mitigating climate change by continuously improving the energy-efficiency of our operations and by increasing the share of carbon-neutral energy sources. Our strategy is foremost to reduce energy use and shift to renewables, but also to complement these activities by carbon offsetting.

For Radisson SAS, energy consumption per guest night went up by 2.9 percent in 2007 compared to 2006. For the Park Inn hotels, energy consumption per guest night went up by 3.6 percent in 2007. Five of the Park Inns that came online during 2007 were situated in the UK & Ireland region as well as in Russia, where energy use per guest night traditionally is higher than our corporate average. This helps to explain the increase. With the reporting base changing every year due to our strong growth clear comparisons between the years are difficult. As an example, the number of Park Inn hotels reporting has gone from 2 hotels in 2003 to 45 hotels in 2007.

Regional differences with regard to energy consumption are quite substantial, with the Radisson SAS hotels in the Nordics, France, and Germany using on average 53 kWh per guest night, while hotels in Ireland and the UK use on average 71 kWh per guest night. Hotels in Russia and the Baltics reported 108 kWh and in the Middle East it was 117 kWh per guest night. The same regional pattern is visible for the Park Inn hotels, where the hotels in the UK and Ireland use three times more energy per guest night than the Park Inn hotels in Germany, and the hotels in Russia and the Baltics, four times their counterparts in Germany.

This difference is partly explained by the age of the hotel portfolio, partly by price differences driving savings, and also by general awareness in the countries regarding energy-saving. Consequently, the regions in which we add a significant number of hotels during any one year, can impact our overall indicators as a result of environmental awareness and cultural attitudes in that specific country.

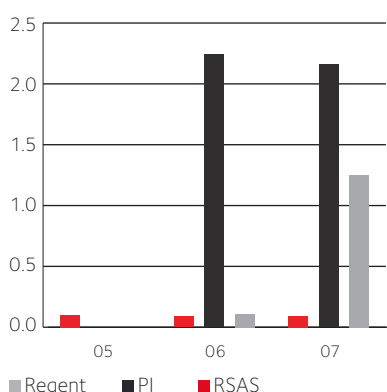
Energy savings

Over 50 (40) percent of hotels responded that they undertook some kind of environmental investment during 2007. The vast majority of these investments are related to energy saving measures. These measures include the installing of sensors and motion detectors as well as low energy demand equipment, upgrade of heating and ventilation systems, and performance of energy audits. Several hotels also reported savings made due to these investments.

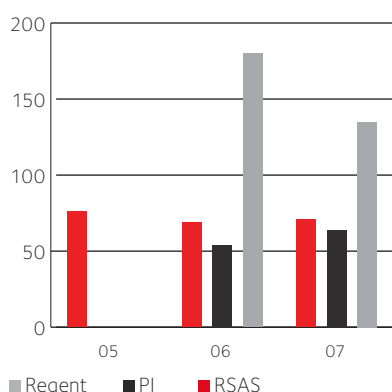
Examples of good practice

- The Radisson SAS Royal Hotel Brussels recently installed new energy efficient chillers which not only will provide return on investment within 6 years due to energy savings but also has zero ozone depilation and is completely silent.

Residual waste (kg) per guest night



Energy consumption (kWh) per guest night



- The Regent Berlin replaced approximately 60% of their light bulbs with energy saving lamps. This took place mainly in the guest rooms and corridors of the hotel. Thanks to this action, the hotel managed to reduce their total electric power demand by 68 KW.
- The Radisson SAS Ankara has reduced natural gas consumption by over 2,000 m³ a month by using unipolar magnets on the pipes thus allowing the gas to be ignited more effectively.
- At the Radisson SAS Es. Hotel in Rome, the replacement of the traditional light bulbs with more efficient LED lamps saves the hotel 900 euro a year in the swimming pool area alone.

Use of renewable energy

To reduce Rezidor's contribution to climate change we need to both reduce our energy consumption, but also shift to renewable energy sources, like hydro-, wind- and solar power.

Examples of good practice

- The Radisson SAS Conference and Airport Hotel Istanbul has successfully implemented a system for heating water by using solar energy. Water, in 40 solar collectors with 90 tons capacity, have been placed on the roof of the hotel, is heated and sent to boiler room. Consequently the hotels save fuel and despite an initial investment of 9,000 USD, the investment paid back in 2 years.
- In Norway, we purchase our electricity from a supplier that guarantees the origin of the electricity through so called energy certificates. This means that 100% of the electricity supplied comes from renewable sources, leading to zero emissions of carbon dioxide.
- During 2007, the Radisson SAS Sky City and the Radisson SAS Arlandia in Stockholm joined Respect Europe and the Swedish Airport Authorities initiative to becoming carbon neutral. The project starts by assessing the hotels' emissions, find measures to reduce the emissions, and eventually offset the emissions that remain.

Energy Savings

The 3 most common actions to improve energy efficiency are:

Outdoor lighting steered by sensors or timers	87% (58)
Low energy light bulbs in all guest rooms	83% (74)
Number of rooms with key card switches to control lights	64%* (66)

The above percentages represent number of hotels of total having implemented the action in question. 2006 data in brackets.

*) this figure refers to number of rooms rather than number of hotels, thus 64% of rooms have key card switches.

WATER USE

Water accounts for up to 15% of total utility bills in most hotels, and up to 95% of fresh water leaves the hotel as waste. Normally we pay for our water use twice, first when we purchase fresh water and eventually when we dispose of it as wastewater.

The water consumption per guest night increased by 5.5 percent for Radisson SAS and by 3.8% for Park Inn. A major contributing factor here is the presence of large spa and pool complexes in six new openings, both conversions and new builds, leading to water consumption comparably higher than the corporate average.

Examples of good practice

- Radisson SAS Hotel Stansted Airport fitted flow restrictors in all guest rooms this year, reducing shower from 16l to 12l per minute, and sinks from 12l to 6l per minute resulting in an expected saving of over 15,000 cubic metres of water within a year.
- To ensure the successful implementation of the towel RSAS Edinburgh this year trialled towel confirmation cards to ensure the guests' wishes to either keep or replace their towels are met. The hotel hopes that this together with educating staff and monitoring towel replacement will lead to significant reductions in water use.
- At the Radisson SAS Hotel at Disneyland Resort in Paris, the existing toilets were replaced with low flush versions leading to a 50% reduction of water used for flushing the toilets.

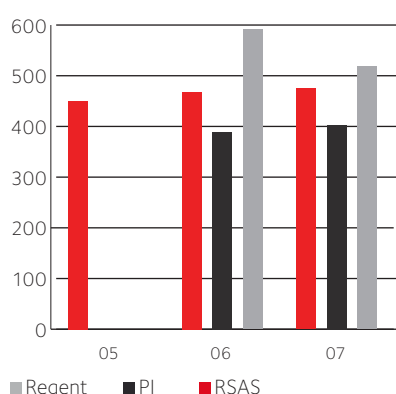
Water discharge

In general terms, any water that comes into the hotel, goes out as water discharge. Water leaving the hotel has generally two levels of cleanliness. It is either grey water, which has been used in showers and sinks, and still is relatively clean, or it is black water, which comes from toilets and needs to go directly to a sewage treatment plant.

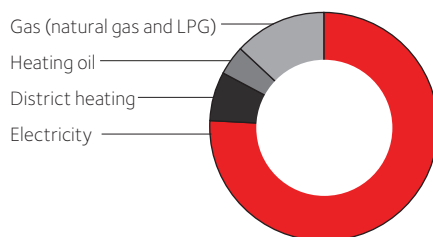
Rezidor can influence its water discharge in two main ways. Either by reducing the consumption and discharge of materials and products that would contaminate water, but also through reusing its grey water.

Three main sources of water contamination in a hotel are chemical use in housekeeping, soaps and amenity use among guests and residue from the kitchen area. In order to reduce spillage from housekeeping to the water system, we use dosage systems for the cleaning chemicals. This ensures that we do not overdose when cleaning or washing. With regards to amenity use, we encourage the use of refillable soap and shampoo amenity dispensers in bathrooms. This is currently in place in less than a third of the hotels. In the kitchen area, 81% of the hotels use a fat separation device in the kitchen, to ensure that fat residue does not go into the water system.

Water consumption (litres) per guest night



Sources of carbon dioxide emissions* Rezidor, %



*) The assessment of CO₂ equiv. emissions performed based on 2005 also included emissions from landfill waste and freons. Due to unreliable data quality, these two sources were excluded in the 2007 assessment.

With regards to re-use of water, two common ways are reuse of rain water for irrigation, which is in place among 7% of our hotels, and grey water systems where shower water is used to flush the toilets. These kinds of systems are in place in 6% of our hotels.

The 3 most common actions to improve water management are:

Water efficient shower heads in all guest	77% (76)
Water efficient WC (6 litres per flush)	74%* (71)
WC with 2 flush modes	33% (NA)

The above percentages represent number of hotels of total having implemented the action in question. 2006 data in brackets.

LAND USE AND BIODIVERSITY

Rezidor's business strategy entails that the company operates hotels, and does not own the properties. In that sense the company does not directly use land, but in fact Rezidor's operation facilitates and finance land use. So the effects of land use are nevertheless an issue.

Hotels have a significant footprint, the buildings are often sizable and the landscaped premises encompass considerable areas. Yet all in all a hotel establishment often has a positive contribution to its neighbourhood as hotels bring in visitors that generate business. The generation of business and the direct efforts to develop local communities (such as outreach programmes, clean-up days, landscaping efforts) often uplift the physical environment surrounding the hotels.

Examples of good practice

- In September 2007, staff from the Radisson SAS Hotel, Edinburgh travelled to Dumfries and Galloway to help in a native woodland reforestation project, fertilizing over 1600 young native trees. The area was once wild woodland, but clear cutting and centuries of cattle and sheep grazing have left the valley treeless. The hotel was happy to join the many volunteers who play a key role in reforesting the area and repopulating its wildlife.
- May 22nd was International Day for Biological Diversity and to mark the occasion Radisson SAS Resort in Sharm El Sheikh organized a trip for the in-house guests to visit the Nabq protectorate, a 600sq km area of outstanding natural beauty, comprising mountains, dunes, wadi systems, alluvial plains and mangrove stands which support a diversity of flora and fauna. Guests were awed and amazed to see the natural beauty of Egypt including mangrove trees, arak bushes, gazelle and a coral reef.

EMISSIONS

Emissions are predominantly a factor of our energy consumption (electricity use and heating/cooling) and mainly consist of the carbon dioxide emissions. However, due to Rezidor operating hotels in countries where freons are still allowed, we still emit some freons. Freons are particularly in use for air conditioning equipment. The 1,225 kg of CFC-11 still in use are all found in hotels in the Middle East. There is however a freon phase out plan in place, and hotels are asked to ensure minimum leakage to the environment.

Due to the majority of our emission being linked to our energy consumption, our efforts to decrease emissions are concentrated on working towards minimising energy consumption as well as shifting to renewable energy sources.

Together with the Edinburgh Centre of Carbon Management, an assessment of the greenhouse gas emissions of Rezidor's operations was undertaken in February 2008, based on 2007 data. A previous assessment was made in 2006 based on 2005 data. That assessment

encompassed direct and indirect energy sources, as well as freon leakage and waste disposal. This year, we decided to focus on energy related emissions only, as the data accuracy from freon and waste disposal is less accurate than that of energy consumption.

Results from this study showed that 279,128 CO₂ equivalents (222,372 tons in 2005) were emitted from our operations. Our carbon footprint has thus increased in absolute terms, which is mainly explained by a strong growth in hotels opened, especially in countries outside Western Europe. However, when measured by room nights, Rezidor's carbon footprint went down by 5% in 2007 compared to the data from 2005 (32.14 CO₂ equiv. in 2005 compared to 30.51 in 2007).

However, as previously mentioned, the regional differences are large. This is mainly due to the differences in energy mix in the different countries where we operate hotels. As the bulk of our CO₂ emissions (76%) come from electricity use, we are particularly sensitive to the energy sources used in the countries where we operate hotels, and the availability of renewable sources in the grid.

This becomes apparent when looking at the CO₂ data on a per country basis. In Norway, the carbon footprint measured as kg CO₂ equiv per room night is only 3.49, which is mainly explained by the use of hydropower for energy generation in Norway, but also by the active decision in Norway to purchase green electricity with energy certificates. France is at 6.90 kg per room night which partly is explained by the strong presence of nuclear power in the national grid. Germany is found at 22.64 kg per room night, the UK at 28.71, Russia at 37.43, Ireland at 42.59 and the highest footprint is in Saudi Arabia with 109.21 kg CO₂ equiv per room night.

However, as mentioned in the energy consumption section, some of the countries/hotels with high carbon footprint also have a high energy consumption which also impacts the final footprint of the hotel. There are thus still many opportunities available to reduce the energy use, as well as carbon footprint among our hotels, both by reducing energy use and becoming more efficient, but also by more actively shifting towards renewable energy solutions.

With regards to electricity, its share of our total carbon footprint is expected to increase as we continue to grow strongly in Russia, Eastern Europe and the Middle East where the dependence on oil and coal for electricity production is still high compared to for example the Nordics or some other Western European countries.

Examples of good practice

- In February 2007 The Rezidor Hotel Group became the first hotel company worldwide to offer all guests the possibility to offset the carbon emissions associated with their trip to one of our hotels through redeeming Gold Points through our loyalty programme goldpoints plusSM.
- The Radisson SAS Hotel Ålesund, Norway was the first hotel in the group to hold a carbon neutral© event for guests. The event was coordinated with the ceremony during which the hotel received the prestigious Nordic Swan eco-label – one of the world's most respected eco-labels and marks of quality control in the environmental field. The hotel donated money to The CarbonNeutral© Company and the money will go towards a Solar Electrification project in India and Tree planting project in Uganda.

FINES AND INCIDENTS

There have been no environmentally related incidents or fines at hotel or corporate level reported.

Social Results

The values of Rezidor guide the organisation and our employees in their daily business. Our values are openness, trust, respect, confidence, fighting spirit, flexibility, empowerment, and z-factor. We must ensure our values are not compromised even where we have to adapt to local conditions.

To guide our hotel and regional office staff, management and employees alike, about how we want to operate our business and our way of life, we have developed a Code of Ethics. It is intended to be a guiding document about the way we do things at Rezidor. This Code has been reviewed by an external human rights lawyer, taking into consideration the IBLF's Human Rights Guidelines. After several rounds of internal feedback from human resources staff the Code was approved by the Executive Committee and will be distributed to the hotels in the spring of 2008. The Code will be included in two documents, for employees as a Code of Ethics in the Radisson SAS and the Park Inn brand books. For General Managers and Department Heads a more extensive Code will be included in ECOMAN, our Economic Manual.

The Code describes our commitment to service and safety for our guests, employee rights such as working hours, equal opportunity, fair wages, child labour, conflict of interest, as well as shareholder influence and transparency, corruption, purchasing policies, Responsible Business, communication and infringements and reporting.

Managing our impact on local communities, and our role as employer, is imperative. The operational responsibility for the employee aspects of each hotel lies with its General Manager, supported by the

- A close co-operation between the HR and RB departments resulted in employee branding books for Radisson SAS and Park Inn that incorporated substantial RB information as well as the Rezidor Code of Ethics.
- In June, the World Childhood Foundation became the chosen international charity organisation for Rezidor. Childhood is already the selected charity for the Carlson hotels, so this decision will facilitate a global reach with regards to supporting children at risk.

Human Resource department and the people working with Responsible Business at each hotel. As a service provider, our employees are our greatest asset.

LABOUR PRACTICES AND DECENT WORK

Workforce

The Rezidor Hotel Group had 5,572 (5,447) employees in leased hotels during 2007, of which 3,087 (2,848) were women. However, when taking all contract types into consideration, over 26,000 employees work under one of the Rezidor hotel brands.

The Rezidor Hotel Group employs the absolute majority of people living in close proximity to its hotels. We hire a diverse and relatively young workforce and try to recruit our management internally, providing training and a viable career path. In some hotels we employ over 25 different nationalities.

Rezidor commissions an independent organisation to conduct an annual employee survey called Climate Analysis in order to assess employee satisfaction. In 2007, the results from our managed, leased and franchised hotels went down slightly to 85.1 (out of 100) from 85.5 in 2006. However the number of responses from employees increased from nearly 16,500 in 2006 to 17,798 in 2007.

Read more on the average number of employees in Rezidor's companies during 2007 (Note 10).

Collective bargaining agreements

All hotels within Rezidor comply with local laws regarding working hours and payment, and employees are free to join trade unions if they so choose and bargain collectively in accordance with local laws.

Pursuant to the European Union Directive on works councils (94/45/EC, the "Works Council Directive") Rezidor has established a European Works Council, which has been entered into by and between representatives of our central management and employee representatives, and is valid until March 2nd, 2008.

Data of the share of employees with collective bargaining agreements is not collected.

Handling operational changes

Rezidor strives to handle all operational changes in a transparent and open fashion, with the goal of giving the employees fair influence. In Europe, the European Works Council framework helps regulate information and co-dependency issues. Annual meetings are held, where issues such as the company's finances, performance, future ventures and other paramount issues, are discussed with employee representatives.

If Rezidor decides to discontinue operations or divest a hotel operation the hotel normally remains in operation (but under different management). The effects on the employees when losing Rezidor as an operator and employer are thereby lessened. During the year, 21 hotels joined the Rezidor system and 0 managed or leased hotels dis-



continued their co-operation with the Rezidor Hotel Group. When taking over an existing hotel, the large part of the employees of the earlier hotel brand remains at the hotel.

Health, work-related accidents and security

Rezidor has a safety and security programme designed to protect guests, employees and owners' investments while maintaining or even enhancing guest and employee satisfaction. One of the foundations of the programme is Employee Safety. We encourages employees to report dangers or aberrations, take immediate action to prevent injury or damage and to follow-up and ensure that dangers are removed and abnormalities corrected.

At the Rezidor Hotel Group we understand that maintaining the high levels of safety and security that guests, employees and owners rightfully expect is only achievable through the everyday actions of every employee at every level in every hotel in every country. We have a structured risk management agenda called TRIC=S, with proactive behaviour, gathering and sharing information throughout the company. The lines of communication regarding safety and security issues are kept open and the focus is on prevention.

The TRIC=S formula stands for Threat Assessment, Risk Evaluation, Incident response and Crisis Management equals Safe, Secure Hotels.

- **Threat Assessment:** In addition to news and media monitoring, Rezidor Hotel Group maintains subscriptions to third party risk analysis and alert services. We also encourage our hotels to actively engage in safety and security related forums on a local level.
- **Risk Evaluation:** Our unique on-line self-audit system assists hotels in evaluating how well they are prepared for risks that they may face by guiding them through the objectives set out in our Four Cornerstones which make up the foundation of our safety and security program: Guest Safety, Employee Safety, Operational Security and Fire Safety.
- **Incident Response:** Our 1-2-3 philosophy for incident response gives everyone in the group a simple formula that can be used for even the most complex problems. 1) Sound the Alarm (if something is wrong, report it), 2) Save Lives (make sure no one is injured), 3) Solve the problem.
- **Crisis Management and Communication:** In addition to our guidelines for organizing crisis management systems in hotels all of our General Managers are able to receive training in the program designed to help them:
 - understand the components of a crisis and multi-agency response
 - lead direct and encourage a local crisis management team
 - establish and maintain effective communications internally and externally
 - capably represent the company in an emergency or crisis to protect the image of the company and brand

Hotels are provided with an overview of applicable Health & Safety legislation through an internet-based legal database. As part of this database, hotels must complete a legal self-audit. The self audit contains 80 questions based on legal demands related to local environmental and employee Health & Safety legislation. The tool also contains an overview of the legal demands and provides quarterly updates. This audit is currently available for Denmark, Belgium, France, Ireland, Germany, Norway, Poland, Russia, Scotland, Sweden and the UK. Thus it covers 58% of all managed and leased Rezidor hotels. The self-audit has been developed by external environmental lawyers and follows both EU and national legislation.

Rezidor hotels report sick leave and occupational injuries pursuant to national legislation. The average sick leave in Sweden was 6.96 (7.6) percent in 2007, calculated as sick leave as a percentage of the employees' total working hours.

Statistics about sick leave according to the Swedish Annual Accounts Act, total, 2007

REZIDOR HOTEL GROUP AB	%
Total sick-leave as a proportion of regular working hours	6.96
Proportion of total sick-leave relating to continuous absence for 60 days or more	45.68
SICK-LEAVE AS A PROPORTION OF EACH GROUP'S REGULAR WORKING HOURS	
Sick-leave breakdown into men and women:	
Sick-leave women	8.24
Sick-leave men	4.81
Sick-leave breakdown by age group:	
Sick leave employees aged 29 or younger	3.03
Sick-leave employees aged 30-49	7.61
Sick-leave employees aged 50 or older	12.78

Data for Rezidor's legal entities in Sweden.

Training

The Business School @ Rezidor hosted 750 (503) delegates in 2007. Additionally, Rezidor continued its focus on fostering the mentor-mentee programme, which is intended to develop and promote hotel staff to General Manager positions. Rezidor believes in recruiting from within and during 2007, 22 Mentees were promoted to General Managers. We currently have 44 Mentees in the programme. Moreover, we had over 750 students on internship from International Hotel Schools in 2007.

Hotels also train their employees on the implications of the Responsible Business programme in the form of a train-the-trainer programme on an on-going basis. The aim is to empower employees to make a conscious decision in favour of the natural environment and local communities. The first RB training modules were launched in 2003, and since its launch, the hotels have been asked to perform RB Training with their employees. During 2007, 42% of the employees of all brands participated in RB training.

Due to the constant changes in the area of Responsible Business, it was decided in 2007 to update the RB training module. Employees who had undertaken RB training were asked about their experience and invited to suggest how the training could be improved. Based on the results of this survey, a new RB training consisting of two modules, Living Responsible Business and Leading Responsible Business, has been developed. The latter is a completely new module and aims specifically at department heads. A pilot training session took place in January 2008, and the full training is expected to be launched in the summer of 2008.

Salaries

Rezidor follows local regulations and practices in regards to salaries and offer fair wages. Rezidor sees an opportunity in investing in staff and tries hard to provide good working conditions to retain them. This contributes to delivering high quality service, an important value driver and differentiator from other hotel chains and brands. Personnel costs, such as wages, training and benefits, are by far the largest cost for the company, 52.7 percent amounting to MEUR 266 (247).

Read more on the Payroll cost and the split of these costs per country (Note 10).

HUMAN RIGHTS

Key human rights issues for the hotel industry include fair wages, women's rights, skills requirements, the ability to join trade unions and collective bargaining. The UN Declaration of Human Rights underlies our relationship with our employees. All hotels within Rezidor comply with local laws regarding working hours and payment, and employees are free to join trade unions if they so choose and bargain collectively in accordance with local laws.

Responsible investment and purchases

All supplier contracts exceeding TEUR 100 or with a contract duration of greater than three years must be processed through the central purchasing department which performs screening of human rights on all contracts. Also, a variety of other considerations are taken when purchasing such as environmental effects and local purchasing, see section Purchasing and local suppliers, Infrastructure Investments and Material Use.

Supporting human rights

Rezidor operates hotels in countries where corruption and human rights issues exist. We do not in any way participate or condone practices that breach international declarations. On the contrary our presence can be positive. We work to rid prevalence of such social problems hands-on, strengthening local communities by running a responsible operation.

The right of younger workers is important due to the high degree to which the hospitality industry employs younger people. In 2007, those aged 15 to 29 accounted for over one third (36.2%) of those working in hotels and restaurants in Europe (EUROSTAT, 2007). Many hotel jobs are seen as low-income employment but the hotel industry provides a good path for upward mobility compared to other industries. It is critical to ensure that we have no child labour in our hotels; this is achieved through local hiring policies and is monitored carefully.

Diversity and handling discrimination

A strong understanding and respect of cultural differences is important, as we employ over 25 different nationalities in some properties and we operate hotels in 42 countries. Diversity amongst the workforce in our hotels is as old as the hospitality industry itself. It is one of the fundamental educational steps for an employee to grow by working in different countries and different hotels. The Rezidor Hotel Group supports transfers throughout the hotels in all countries, enabling its employees to grow with the company and to develop themselves. As much as we perceive our guests to be individuals with individual needs and wishes, we also perceive our employees to be individuals with individual backgrounds and cultures. Employees are hired for their attitude and willingness to serve the guest. Cultural differences enable us as an employer and as a host to cater to the needs of our clientele on an individual basis even better.

Rezidor's Equal Opportunities Policy states that no discrimination due to age, race, religion, gender or disability is allowed, and all our hotels have routines in place to ensure this is the case.

Freedom of association and collective bargaining

All hotels within Rezidor ensure that their employees are free to join trade unions if they so choose and bargain collectively in accordance with local laws.

Pursuant to the European Union Directive on works councils (94/45/EC, the "Works Council Directive") Rezidor has established a European Works Council, which has been entered into by and between representatives of our central management and employee representatives, and is valid until March 2008. Annual meetings are held, where issues such as the company's finances, performance, future ventures and other paramount issues, are discussed with employee representatives.

Responsible labour practices

The UN Declaration of Human Rights underlies our relationship with our employees. All hotels within Rezidor comply with local laws regarding working hours and payment. Child or forced labour is not accepted and does not exist within Rezidor's operations and this is ensured through local hiring policies.

SOCIETY

Tourism is dependent on a healthy local economy, as well as the locations' cultural and natural heritage. Hotel companies contribute positively to social and economic development of the regions where they operate hotels. Our hotels hire a majority of their employees locally and pay local taxes; our guests, both tourists and business travellers, spend money on local goods and services, thereby boosting the local economy. Hotels are dependent on the goodwill of the community, therefore making additional investments in the area and working to support local charities can help to maintain good relations with local communities.

Rezidor has direct and substantial effect on first and foremost local communities as an employer and purchaser. For further information follow the links in the right margin that elaborate our effects.

Anti-corruption measures

In some countries where Rezidor operates there are high risks related to corruption, therefore a Code of Conduct is in place and management and staff are trained in Responsible Business. These issues are also covered in our internal control procedures.

Rezidor takes substantial measures to ensure that the ethical behaviour stated in the Code of Ethics is a core value in all business relationships. The Rezidor Hotel Group has not had any significant incidents regarding corruption or bribes causing legal actions during 2007.

Policy development and lobbying

Rezidor does not make any contributions or give other support, direct or indirect, to political parties or individual politicians. Rezidor is a member of the International Hotels & Restaurant Association and the World Travel & Tourism Council who performs policy work for the international hotel industry on behalf of their members. Increasingly these organisations also work with issues related to Corporate Social Responsibility. IH&RA works actively with UNEP to promote the message that environmental action makes good business sense while WTTC hosts the Tourism for Tomorrow Awards which demonstrate that business success and responsible tourism practices can go hand in hand. Rezidor is also a founding member of the Prince of Wales Business Leaders Forum special initiative for the tourism industry, the International Tourism Partnership which works to drive the responsible tourism business agenda, assisting the industry to make a valuable contribution to the countries and cultures in which they operate, to their customers, their shareholders and future generations.

Fines and incidents

No significant fines for non-compliance have been incurred during 2007.

PRODUCT RESPONSIBILITY

Even though we do not produce or sell a tangible product, our customers and guests expect us to manage health, safety and security, environmental and social issues. We aim to meet these expectations through our Responsible Business programme.

One aim is to make it easy for our guests to participate in the programme, and to do something good for the environment or community while staying with us. In February 2007, we launched a new redemption possibility for our loyalty members, making it possible for them to redeem gold points to offset the greenhouse gas emissions related to their stay in our hotel, as well as their travel to and from the property.

We also strive to communicate the social and environmental work we do to our guests. This is done through in-house information campaigns with posters, postcards, information leaflets in hotel rooms and an animated film on the in-house TV-system about our RB progress.

The above-mentioned activities are in place in more than 95% (70) of our hotels. We also encourage hotels to communicate their RB efforts on their individual websites and we give a general overview of our approach and the programme on our corporate website: responsible-business.rezidor.com.

Another way to inform our guests about the responsible business work performed at hotel level is to apply for awards granted by external parties. Some examples of hotels receiving awards for their excellent RB performance during 2007 were:

- The Radisson SAS Resort in El Quesir, Egypt, has become the TUI Environmental Champion 2007, awarded by the corporate environmental department of the global tour operator TUI for its excellent environmental performance and recently received Green Globe Benchmarked Bronze status.
- The Radisson SAS Resort in Sharm El Sheikh as well as Park Inn Sharm el Sheikh Resort received in April 2007 the Travelife Gold Award from First Choice Holidays and Flights PLC for leading the way with cutting edge practice in environmental management and community support.
- In November 2007, the Radisson SAS Golden Sands Resort & Spa, Malta won a Gold Award for Built Projects at the International Awards for Liveable Communities which are endorsed by the United Nations Environment Programme and are the world's only Awards focussing on Best Practice regarding the management of the local environment.

Non-smoking policies have become a significant issue for the hotel industry due to many European countries implementing smoking bans in public areas, which include hotel lobbies and restaurants. Countries that already have banned smoking include Belgium, Finland, France,

Iceland, Ireland, Italy, Norway, Portugal, Sweden and the UK while in 2008 bans will continue to come into effect in Germany. In addition, we are increasing the number of non-smoking guest rooms. In the Radisson SAS and Park Inn operating standards we aim for at least 80% non-smoking rooms, when supported by local demands. On average, 67% of our guest rooms are non-smoking, and in Scandinavia, the average is 82%. As a consequence of the smoking bans that have come into force across Europe in 2007, the number of hotels that have completely smoke-free public areas have almost doubled since 2006 (67% today compared to 35% last year).

We also facilitate the well-being of our guests by offering exercise and sport facilities with gyms, swimming pools and spas. Moreover, we endeavour to ensure that we provide fresh and wholesome food. We continue to offer a wide variety of healthy options at our restaurants, taking into consideration components such as saturated fats and cholesterol. The vast majority (95%) of our hotels endeavour to accommodate guests with food allergies, and 35% of hotels have allergy tested guest rooms certified by national allergy associations. Hotels also increasingly offer organic and fair trade products. 53% (56) of hotels offer organic food options in their restaurants, while 54% (47) offer fair trade products, including coffee, fruit and cereal.

Life cycle assessments

Many of our social and environmental impacts are derived from activities along our supply chain. Rezidor strives to purchase products that have a reduced environmental impact during their life cycle, from suppliers that demonstrate good environmental and social responsibility. Controlling whom we buy products from and what we buy is an important part of our strategy to reduce our negative environmental and social impact. For further information read Material use.

If you have any comments, queries or questions, please contact:

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Radisson SAS



MISSONI

park inn

Regent