

Corporate Responsibility Report



The Board believes that it is in the Company's interest to recognise environmental and social issues arising from the growth in travel and its responsibilities to the communities in which the Group operates. In recognition of its commitment, this year Holidaybreak has again met the FTSE4Good criteria and continues to be a member of the FTSE4Good Index Series. We are also included in the holdings of several ethical investment funds.

Overall management of the Group's Corporate Social Responsibility programme (CSR), including Human Resources matters, is the responsibility of the Group Chief Executive, or pending his or her appointment, the Executive Chairman. We have a Head of Human Resources for the Group who reports directly to the Group Chief Executive. During the year, CSR issues were discussed at a CSR forum attended by the Group Chief Executive, Company Secretary and a Director from each division who takes responsibility for CSR matters. This year, the forum focused on the engagement and motivation of employees in a challenging economic environment.

The Board reviews the Group's key social, environmental and ethical risks (SEE) as part of its risk assessment process. The impact and materiality of each risk area are considered and appropriate measures are taken to manage or mitigate them.

The section below details the achievements made this year and targets going forward, the main SEE risks that the Group faces and the opportunities to enhance value in relation to the key areas of CSR (Environment, Employees, Customers, Communities & charities and Suppliers). CSR related key performance indicators are detailed in the KPIs section in the Business and Financial Review on page 8.



Corporate Responsibility Report continued

Environment

Group environmental policy

We believe it is in the Group's best interest to be aware of, and seek to minimise, the risks arising from the social and environmental impact of our activities. We therefore commit to the following environmental policy:

- provide responsible tourist advice to customers;
- support the Association of Independent Tour Operators (AITO) policy on responsible tourism through those businesses (Explore and the Camping Division) that are members of that association;
- ensure employees are made aware of environmental issues through guides, manuals and training and that they act with these in mind when making decisions, investigating alternatives and planning various aspects of the product and service;
- ensure that employees are appropriately trained and motivated to apply this policy in their daily work;
- promote awareness of environmental issues with suppliers; and
- review and update the approach to the environment on an annual basis.

We are committed to the disposal and management of waste in a responsible manner. We have water and energy saving systems in our office sites. All our offices utilise licensed waste removers who provide appropriate documentation for the transfer of waste.

All of our businesses work with their key stakeholders to improve environmental practice: customers through information in marketing material, promotion of greener travel options and third party environmental schemes; employees through awareness initiatives driven by a dedicated eco-team or staff forum; and suppliers through increased use of environmentally friendly products and awareness initiatives with key partners (hotels, camp-site owners and ground handling agents).

In recognition of the Group's efforts, Explore and the Camping Division have received a five star responsible tourism classification from AITO, the highest rating achievable.

Environment related risk

Impact on environment:

All of our businesses are aware of the impact travel and tourism has on the environment. Each business continues to improve its environmental practices both at destination and in the office (see selection of environmental achievements). If we fail to act in an environmentally responsible manner, it could result in damage to Holidaybreak's reputation.

Opportunities to enhance value

Increased demand for eco-friendly holidays and transport:

The Camping Division successfully introduced a UK product that offers electricity-free tent accommodation on selected third party owned camp-sites in the UK. Djoser, based in the Netherlands, has maintained its offer to customers of a free return train ticket to Schiphol airport when customers book a holiday. This year Djoser provided free tickets to approximately 60% of customers.

Performance on 2008/09 targets

- Explore aims to reduce its electricity usage by 10%. *Achieved.*
- Following the Camping Division's accreditation by the Forest Stewardship Council (FSC) in 2007, other Group UK businesses will investigate printing their brochures and printed material on FSC paper from sustainable forests. *Achieved. This year, NST printed its brochures and other printed material on FSC paper.*
- PGL aims to reduce further its energy usage by 5% per bednight across its UK education centres. *Not achieved. Energy usage reduced by 3.4% per bednight.*
- Superbreak aims to introduce an opt-out option for customers and travel agents regarding printed documentation, thereby reducing the amount of printed customer documentation issued and posted by 15% in 2009. *Alongside updates to be made to the reservation system, it is expected to go live at the end of 2009.*
- NST will develop an environmental policy. *Achieved.*

Selection of other achievements in 2008/09

- PGL established an environmental management team at each of its UK outdoor education centres to encourage each centre to share best practice and to identify environmental targets.
- Explore was ranked in the Top 20 Sunday Times Best Green Companies Awards. Explore continues to offset carbon emissions for all Explore staff flights. All Explore's bookings include a compulsory carbon offset on all passenger flights by including in the tour cost a sum to be paid to projects to reduce global CO₂ emissions. This raised approximately £270,000 for its chosen projects operated by Climate Care. These include energy-efficient cooking stoves in Cambodia and carbon capture through forestry schemes in Uganda. The Camping Division offers similar offset schemes through Cool Earth, to support a rainforest project in the Rio Ené Valley in Peru, and through Climate Care. This year the division raised approximately £22,000 by encouraging its customers to offset their travel.
- Superbreak, along with other domestic holiday providers, met with the Travel Foundation, a sustainable tourism charity, to discuss a potential affiliation with the Travel Foundation.
- Superbreak and the Camping Division significantly increased the amount of e-admin. Superbreak increased the number of hotels that invoice electronically to approximately 85% (up from 60% in 2008). Superbreak aims to increase this further to 95% by the end of 2010. The Camping Division increased the number of customers that receive their invoices and tickets electronically to approximately 65% (up from 40% in 2008).
- Bookit worked with a number of suppliers on an environmental initiative, supported by the Dutch Ministry of Economic Affairs, to encourage customers to use eco-friendly means of transport to their holiday destination.

Targets for 2009/10 or longer term targets

- Explore aims to reduce its electricity usage next year by 10%.
- The Camping Division aims to reduce paper usage by 25% from 2008 levels by 2012.
- Superbreak aims to participate in at least one new sustainable domestic tourism initiative in 2010.
- PGL aims to reduce its energy usage by 2.5% per bednight across its UK education centres in 2009/10.

Employees

Group human resources policy

Holidaybreak recognises that to achieve a sustainable business performance it must promote an environment that attracts, retains and motivates all staff. To accomplish this, we:

- promote a culture of mutual respect and inclusion;
- ensure that all employees are accorded equal opportunity for recruitment, career development, training, and, as appropriate, access to benefits;
- commit to developing employees through ongoing training and development activities;
- monitor our remuneration policies to ensure a balance between the needs of our employees and the business in order to attract and retain the best people;
- engage staff in the business through effective communication and open and honest consultation; and
- ensure, as far as is reasonably practicable, the health, safety and welfare at work for all employees.

Our employees are consulted through a variety of communication channels (one-to-one meetings; annual appraisals; staff forums; staff briefings and opinion surveys) and their opinions, concerns and ideas are used to develop initiatives to improve company culture. We aim to provide appropriate training and development for every member of staff through consultation with the manager and individual. In recognition of our employee engagement, the Camping Division, Explore and PGL have qualified for the Investors in People status.

Group equal opportunities policy

The Group is committed to an equal opportunities policy.

We are committed to the principle of equal opportunity in employment and customer service regardless of a person's sex, marital status, race, colour, disability, sexual orientation, age, nationality, ethnic origin, religion or belief. We will therefore apply policies, which are fair, equitable and consistent. In employment terms, our policy will ensure that all employees are accorded equal opportunity for career, training, promotion and access to benefits.

Health and safety policy

Holidaybreak has a health and safety policy which is communicated to all staff through a health and safety manual and displayed on notice boards at each office. Each division has an appointed health and safety officer, who regularly reviews the health and safety policy to ensure it meets best practice guidelines.

Open door policy

We have an open door policy available to all employees that encourages staff to raise genuine concerns about malpractice.

At least annually a summary of all matters raised through this policy is submitted to the Audit Committee of the Board in order that an assessment is made of the effectiveness of the policy and any emerging patterns. This year we provided a new channel of communication for employees to raise genuine concerns.

Anti-corruption policy

This year, we formulated an anti-corruption policy to reduce the risk of the Group offering, soliciting or extorting bribes and therefore to reduce the risk of it being subject to legal or regulatory sanctions and reputational damage.

Performance on 2008/09 targets

- Holidaybreak will introduce a senior executive development programme. *Achieved.*
- The Camping Division will introduce a dedicated intranet to promote environmentally friendly initiatives and invite ideas from staff across the business. *Achieved.*
- Superbreak plans to introduce NVQ work-based training during 2009, anticipating that at least 10% of staff will enrol. *Around 7% of staff enrolled on the NVQ training programme and it is expected to commence at the end of 2009.*
- PGL will develop an online employee forum to encourage staff to share experiences and knowledge with new staff. *Achieved.*

Selection of other achievements in 2008/09

- PGL introduced a HR forum attended by key personnel from the head office and a representative from each of PGL's outdoor education centres. The forum addresses HR related issues and identifies areas for development. For example, new training on equal opportunities has been devised.
- As part of a wider restructuring exercise, Explore engaged with staff to develop a new cultural vision.
- The Camping Division and Superbreak held seminars for employees on managing finances in conjunction with the Financial Services Authority.
- PGL and the Camping Division developed their NVQ training for staff.
- PGL worked with the Learning and Skills Council to develop its apprenticeship schemes.

Targets for 2009/10 or longer term targets

- The Camping Division will conduct a staff opinion survey and review the staff appraisal system as part of a wider communication programme.

Employee related risk

Failure to attract, retain and motivate key employees:
Our people are our most important assets. If we fail to attract, retain and motivate key employees we may be put at a competitive risk.

The failure to attract, retain and motivate key employees is considered a principal risk to the Group and is covered on page 13 of the Business and Financial Review.

Opportunities to enhance value

Investing in people:
We believe our training programmes and incentive arrangements provide the necessary tools to retain and motivate key staff. A senior executive development programme was launched this year to enhance the calibre of senior management.

Corporate Responsibility Report continued

Customers

Approach to dealing with customers

We are constantly engaging with our customers to gain a deeper understanding of their opinions and to ensure that each of our businesses maintain high levels of customer satisfaction. Comments from customers are obtained via frontline employees (agency sales representatives, tour leaders, couriers and PGL centre staff), customer feedback questionnaires, customer insight teams and focus groups. These are reviewed regularly and trends are identified.

Performance on 2008/09 targets

- In 2009, the Camping Division will introduce a 'customer self service extranet' designed to allow customers to manage booking details online and obtain further information regarding their holiday. *Achieved. Plans for 2010 include developing social media content.*

Selection of achievements in 2008/09

- The Camping Division increased the response rate for post holiday feedback by 10% by improving the process of collecting feedback.
- The Camping Division significantly reduced the number of customer complaints, down 29% across all sales markets.
- Explore improved the customer correspondence turn around time to within a week, well within the industry standard deadline of 28 days.
- NST held customer focus groups with teachers and identified the need to improve the documentation they receive prior to their school trip. As a result, NST improved the material and, in some instances, made it more accessible by including the information on their website.

Targets for 2009/10 or longer term targets

- The Camping Division aims to maintain a complaints to bookings ratio of less than 4%.

Customer related risk

Customer service and satisfaction:

Poor customer service and satisfaction provided by any of our businesses could impact their future demand levels. Call centre staff receive regular coaching on sales performance and all businesses monitor closely the customer service questionnaires and hold regular customer focus groups. Couriers, tour leaders and PGL centre staff receive extensive training to ensure our customers receive high levels of service during their holiday.

Consumer demand and health, safety and security are considered principal risks to the Group and are covered on page 13 of the Business and Financial Review.

Opportunities to enhance value

Product development:

Feedback from our customers helps to identify new product development opportunities. For example the Camping Division's customer feedback questionnaires identified demand for Greece and Denmark as new destinations. As a result, in 2010 the Camping Division will trial these locations.

Communities & charities

Charities policy

This year, we formulated a charities policy and disseminated it to all businesses within the Group.

Our policy is to support charitable activities linked to our businesses. Consequently, our charity selection strategy requires a charity to meet one or more of the following criteria:

- relate to the activities of one of our businesses; or
- meet the needs of the local communities in which we operate or the destinations we visit; or
- show it has a long-standing relationship with one of our businesses; or
- has a connection to an employee or customer.

The charitable organisations that our businesses support must be registered charities or established organisations with charitable objectives. As well as charitable donations, we also make a number of in-kind donations throughout the year, mainly by offering free holidays to good causes. We will not fund charitable organisations to make any political donations.

Performance on 2008/09 targets

- In 2009 the Group aims to donate approximately £95,000 to various charities. *Not achieved: see section below.*
- We will formulate a Group-wide charity selection strategy that encourages all our businesses to support charities that relate to their activities or the local communities in which they operate in or the destinations they visit. *Achieved.*

Selection of achievements in 2008/09

- The Group donated £63,000 (2008: £109,000) to various charities and estimates the value of free holidays donated to good causes to be worth approximately £28,000 (2008: £40,000).
- PGL's bursary, which was established to help subsidise the cost of participation by pupils whose parents cannot afford the full price of a PGL trip, provided 307 assisted places (2008: 154) worth £29,000 (2008: £15,000) for disadvantaged children.
- Djoser continues to support Unicef and this year donated approximately £33,000 (2008: £38,000).

Targets for 2009/10 or longer term targets

- In 2010, the Group aims to donate approximately £88,000 to various charities.

Community & charity related risk

Impact on local communities:

Most of our holidays are to traditional holiday destinations. Our adventure businesses, Explore and Djoser, offer holidays to over 120 destinations worldwide. We are aware that our tours may have an impact on local communities. We endeavour to engage in local projects and activities and minimise the environmental impact.

Opportunities to enhance value

Investing in local communities:

All of our businesses are encouraged to invest in the local communities in which they operate or the destinations they visit. For example, Explore continues to invest in the local communities that its tours visit by contracting local tour leaders.

Suppliers

Approach to dealing with suppliers

The Group is not reliant on any one supplier and encourages relationships with small and large suppliers.

Performance on 2008/09 targets

- Explore will extend its guidelines to all overseas suppliers to support its Safety Management System. *Achieved.*
- Superbreak will work towards becoming an endorser of the Green Tourism Business Scheme, the first certification scheme to be validated by the International Centre for Responsible Tourism, designed to encourage tourism businesses, such as hotels and visitor attractions, to become more sustainable. The aim is to facilitate an additional 50 hotels to enrol on the scheme. *Achieved. Superbreak is an advocate of the Green Tourism Business Scheme and refers to the scheme in the contracting process for all UK hotels.*
- PGL will complete an audit for ethically sourcing education centre staff uniform. *Achieved. PGL also reduced the packaging of its centre staff uniform by 80%.*

Selection of achievements in 2008/09

- The Camping Division continued to work with its mobile-home suppliers to ensure materials used and production techniques are environmentally friendly and that the mobile-homes' energy consumption remain low and energy efficient. This year, new mobile-homes included a two hour maximum timer system on outside lights to prevent them being left on accidentally, and mobile-homes purchased for camp-sites in cooler destinations had the insulation increased significantly to reduce the electric heating requirements.
- Explore developed its standard operating procedures that are designed to communicate Explore's requirements for suppliers on tour. The procedure now includes Explore's animal welfare guidelines, created in conjunction with Born Free Foundation, an international wildlife charity.
- Superbreak continued to support the BP Travel Marketing Services' 'Green Agent' charter. This is an initiative to reduce brochure wastage by encouraging travel agents to take more ownership of stock control. In addition, Superbreak carried out its own brochure usage audit of travel agents thereby creating the opportunity of total print run reductions of 13% in 2009 (12% reduction in 2008). Next year, Superbreak will develop a new initiative, in conjunction with BP Travel Marketing Services, to reduce further brochure wastage.
- Explore launched responsible agent awards to recognise achievements by ground handling agents.
- Superbreak established a separate health and safety management team that focuses on risk assessments for all hotels.

Targets for 2009/10 or longer term targets

- Following feedback from customers, Superbreak is developing its customer loyalty scheme to make it more flexible and product oriented.
- Superbreak will be investing in external training for its new health and safety management team.

Supplier related risk

Supplier relationships:

Holidaybreak encourages long-term relationships with small and large suppliers. If we fail to retain our preferred suppliers, we may be put at a competitive risk. Each business has appointed individuals to manage the relationship with its preferred suppliers.

Opportunities to enhance value

Supplier engagement:

Each of our businesses engage with their preferred suppliers (e.g. mobile-home manufacturers, hotels and camp-site owners) to develop their environmental approach and share best practice.