



Taking things gently

Sustainability report
of the tourism industry

January 2012

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Industry trends and sustainability themes

Key themes for the sustainable development of the tourism industry include the prudent use of natural resources, limiting the environmental impact of tourist facilities and travel, decent working conditions for employees and suppliers, the promotion of the local economy and the preservation of local traditions. From the perspective of consumers, other important factors are the quality of accommodation, the avoidance of health risks (by offering healthy food, for example) and a responsible corporate approach to addiction problems (alcohol, obesity, gambling etc.).

Industry structure

The tourism industry is quite diverse – ranging from tour operators to cruise companies, hotels, casinos and restaurants – and therefore faces many different challenges. While hotels and restaurants directly provide tourist facilities, tour operators sell packages to tourists, which make them more like a trading company.

There has been relatively little consolidation in the tourism industry, so that a large number of small firms co-exist alongside large companies listed on the stock market. In certain sub-segments, such as restaurants, the listed companies (comprising catering and restaurant chains) are therefore not representative of the industry as a whole.

Fig. 1: Large listed tourism companies*

Company	Main lines of business (% of sales)	Sales (€ bn)	Employees
Hotels and cruises:			
Carnival	Cruises (97%)	12.1	89 000
Marriott Intl.	Hotels (87%), time shares (13%)	9.6	129 000
Accor	Hotels: mid/luxury class (58%), tourist class (37%)	6.1	65 000
Royal Caribbean Cruises	Cruises (100%)	5.7	58 000
Starwood	Hotels (86%), time shares (14%)	4.2	145 000
Shangri-La Asia	Hotels (95%), restaurants (3%)	1.4	28 000
Intercontinental	Hotels (own 35%, concessions 34%, managed 25%)	1.3	8 000
Restaurant chains:			
McDonald's	Restaurants (own 67%, concessions 33%)	20.6	400 000
Compass	Catering for private companies and public facilities (100%)	19.2	428 000
Yum! Brands	Restaurants (own 87%, concessions 13%)	9.4	378 000
Starbucks	Cafés (own 84%, concessions 16%)	9.1	149 000
Casinos:			
Las Vegas Sands	Casinos (76%), Restaurants (6%), Others (18%)	6.9	34 000
Wynn Resorts	Casinos (72%), Restaurants (11%), Others (17%)	4.0	16 000
Sands China	Casinos (89%), Others (11%)	3.6	15 000
Genting Singapore	Casinos & Restaurants (78%), Others (22%)	1.9	12 000

*Figures refer to prior FY in each case (usually 2010)

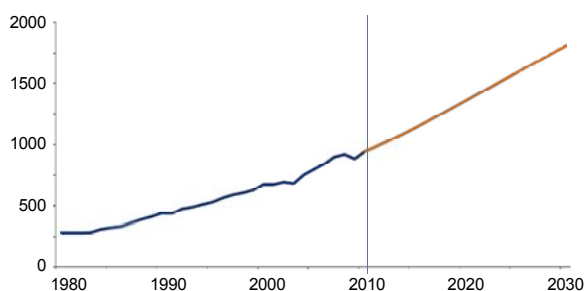
Source: Bloomberg, Thomson Reuters

Industry trends and sustainability themes

Tourism is a growth industry

The World Travel & Tourism Council (W TTC) reported that the tourist business generated around USD 6 trillion in 2010, equivalent to 9% of global GDP. In 2009 more than 74 million people were employed in tourism, or 2.8% of total jobs worldwide. This figure is actually as high as 260 million if indirect employees are counted as well.

Fig. 2: Global growth of the tourism industry*



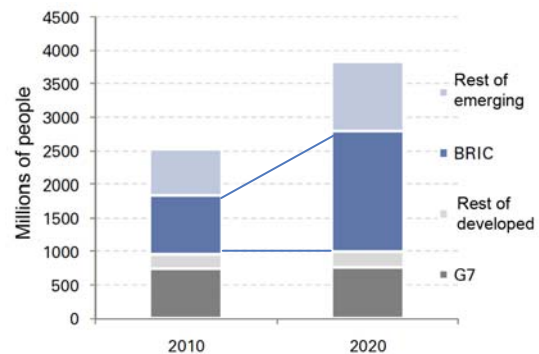
*No. of international arrivals worldwide (millions)

Source: UNWTO 2011

Measured by the key indicator “number of international arrivals”, the tourism industry has grown by 3.9% p.a. on average over the past 15 years, outstripping global GDP growth at 2.8%. The World Tourism Organization UNWTO expects tourism to double in size over the next 20 years, achieving an annual growth rate of 3.3%. Travel and eating out are activities associated with affluence, and increase disproportionately as people become wealthier. In global terms, the pace of growth in tourism is also particularly affected by the expanding middle classes in emerging economies such as Brazil, Russia, India and China (“BRIC” countries) (Fig. 3). The luxury segment and trips taken by retired people are also experiencing a boom.

The rate of growth reflects the wider choice of destinations and packages on offer. There has been an increase in the number of “exotic” travel destinations in less developed countries. For example, the number of trips with Europe as a destination has dropped from 62% to 51% during the period 1980 to 2010 (UNWTO 2011). The range of services has been expanded as well: not just convenience offerings (e.g. fastfood, catering) and more high-value products for the “masses” (e.g. Starbucks) in the restaurant trade, but also sport, wellness and entertainment amenities in hotels and holiday centres.

Fig. 3: The predicted increase in the middle classes* in Brazil, Russia, India & China (BRIC)



*Persons with an annual income of more than USD 6000

Source: Goldman Sachs

Does tourism benefit the local economy and community?

As far as sustainability is concerned, the steady expansion of destinations in developing countries raises the question of how tourism affects the local economy and community: Does the local population benefit from the creation of jobs, and local businesses as suppliers and providers of local products and services? And does this help to build up economic structures that are sustainable in the long term? Do social tensions arise between the local beneficiaries of tourism and the rest of the population? To what extent do conflicts exist between the local population and tourists regarding local and cultural traditions (e.g. clothing, alcohol or religion)?

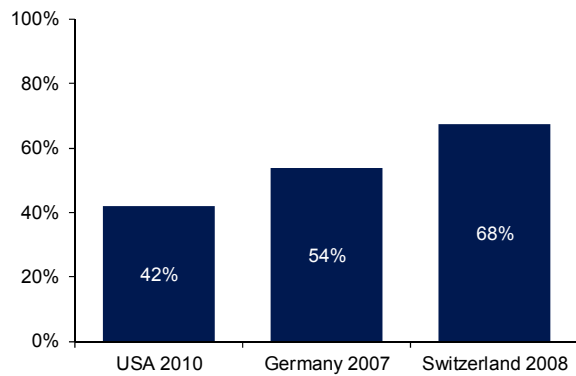
The environmental impact of tourism

This growth trend inevitably produces more environmental impacts as well. On the one hand the increase in travel creates more congestion, especially in air traffic. That means additional energy consumption and CO₂ emissions, as well as other impacts such as noise pollution. On the other hand, the local ecosystems at the final destinations are put under extra pressure, whether it be through uncontrolled building development, overuse of water resources or the creation of volumes of waste which are so big that they overwhelm the local infrastructures.

Cost pressure influences working conditions

Competitive pressure is intense at present, partly because barriers to market entry are relatively low, and also due to the growing importance of the Internet as a sales channel. Companies are trying to gain a competitive advantage by differentiating their products, building up a well-known brand and establishing cost leadership. One positive development from a sustainability perspective is that some market players are explicitly positioning themselves through improving their “green” credentials, for example Starbucks expanding its selection of Fairtrade and organic coffees, or the marketing of hotels with green labels.

Fig. 4: Wages in the tourism industry in relation to average income*



*Average income in the tourism industry for full-time employment as a percentage of the average wage in the private sector
Source: EuroStat, US Bureau of Labour Statistics

But the cost pressure, combined with a business cycle that is dominated by relatively strong seasonal fluctuations, means that the working conditions in the tourism industry are comparatively poor. Temporary employment contracts are common and the working hours are often irregular and very long. Compared with other industries, the average wage is much lower (Fig. 4). According to the International Labour Organisation (ILO), around 60% of workers employed in the tourism industry are women who on average earn almost a quarter less than their male colleagues for doing exactly the same job. Our own research also shows that women are significantly underrepresented at management level.

Spotlight on the cruise sector

No other segment of the tourism industry has enjoyed such steady growth over the years as the cruise business. In 2011 some 14.3 million passengers went on a cruise. In 1970 the figure was only half a million. For 2011 the industry expects an increase of 20% in Europe alone.

Cruise ships are floating hotels or even small towns which can accommodate more than 6000 passengers and are very well equipped with wellness and sports facilities, restaurants and entertainment facilities such as cinemas, ballrooms and casinos, as well as lifts, air conditioning systems and the necessary power supplies.

The greenhouse gas emissions of a typical cruise liner per passenger kilometre are more than three times higher than a jumbo jet. Added to this is the waste and sewage, much of which is disposed of in the sea or in the atmosphere. Around 70% of cruise liner staff work in the poorly paid hotel and catering segment. Contracts are limited to 4-6 months and often contain seven-day weeks and only short rest breaks. Hardly any overtime is paid. The basic monthly salary is generally around a few hundred US dollars and tips make up as much as three quarters of the total income.

The latest Costa Concordia disaster has prompted us to put the US parent company Carnival on our “Watch List”. We will keep a critical eye on whether the company is to blame (and to what degree), and how it intends to protect itself against such catastrophic events in future.

Key sustainability themes

The industry trends described above are reflected in the five key themes of our sustainability rating (Fig. 5). In addition to their environmental and social relevance, all these themes are also closely linked to financial risks and opportunities:

- **Reputational risks:** Reports on poor working conditions or rotten/contaminated food especially affect those companies whose success relies on the reputation of their brands. This applies especially to restaurant chains, but also to hotel chains.

Industry trends and sustainability themes

- **Quality problems:** Poor working conditions can not only lead to labour disputes, but also to lack of motivation and ultimately quality problems as well. This is particularly important for the tourism industry, where direct contact with the client significantly influences the level of customer satisfaction.
- **Licence to Operate:** Operating tourist facilities, especially in other cultural circles, requires the acceptance of the local population and authorities. Otherwise there is a danger of expensive disputes and obstacles (e.g. delays in granting approvals). There must therefore be some benefit for broad sections of the local population and any negative effects such as the overuse of water resources must be contained. Controversial business activities such as gambling or the serving of alcohol may encounter special risks in certain countries and regions.
- **Market for sustainable products:** In recent years there has been a sharp increase in demand for “sustainable” products, i.e. those that are environmentally friendly and socially responsible. Markets for consumer goods carrying organic or Fairtrade labels are enjoying higher than average growth worldwide. Tourism companies that offer or even specialise in such products, can benefit from these market opportunities. Among hotel and tour operators, such “sustainable” products and services have not yet been standardised and are only in their infancy – unlike the food industry, for example.

Fig. 5: Key sustainability themes

Theme	Content	Financial relevance
Working conditions (own facilities and supply chain)	Precarious employment conditions (temporary/seasonal, low pay, long hours)	Reputational risks Quality problems through demotivated staff and labour disputes
Quality and health impacts of products & services	Food safety and quality (incl. certification) Potentially addictive products/services (alcohol, gambling)	Reputational risks through food scandals Rising demand for “sustainable” foods “Licence to Operate”, regulatory restrictions (e.g. alcohol)
Impact on local economy and community	Building up sustainable economic structures (employment, suppliers) Conflicts with local traditions	“Licence to Operate” (acceptance by local population and authorities) Growing demand for “sustainable tourism” (with local roots)
Pressure on local ecosystems and environment	Water consumption (in drought regions) Biodiversity/destruction of landscape Waste	“Licence to Operate” (water rationing) Attraction spoilt by destruction of landscape Rising demand for “sustainable tourism”
Extra traffic caused by tourism	CO ₂ emissions Energy consumption Noise pollution	Extra costs for energy and possibly carbon tax New facilities for carbon offsetting

Source: Bank Sarasin

The assessment of the individual companies according to these key themes is integrated into the more comprehensive rating matrix presented by our sustainability analysis (see Appendix). Of all the key issues, the

theme – “sustainable products & services” – is becoming increasingly important in the tourism industry. The next section examines this in more detail.

“Sustainable Tourism” is in vogue

There is growing market potential for “sustainable tourism”. Around the world, over 100 labels have been developed to communicate “sustainable” tourism products to potential customers. The labels referred to here cover most of the important sustainability themes, but their concrete environmental and social criteria are patchy. A majority of the requirements relate to the process and are rather general, and so the labels are therefore “only” a means to an end. Thus although the presence of a label has a positive influence on our sustainability rating, it must be supplemented through indicators covering the actual services provided by the company in question.

“Sustainable tourism” has market potential

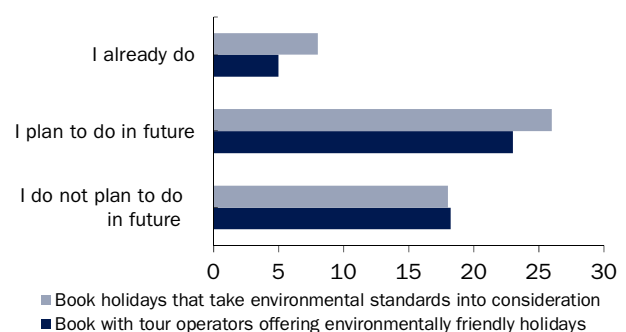
“Sustainable tourism” is currently still a niche product. But since it is experiencing dynamic growth and only highly focused companies are currently benefiting from this growth, a trend may start to build. There is a growing segment of consumers who are making very conscious choices about their products and leisure activities.

After all, sustainability is in vogue in the field of tourism, as elsewhere. However, in terms of the industry as a whole, there is a broad range of market potential and a range of actual types of “sustainable” tourism services. While sustainability plays hardly any role in the services provided by casinos, and is limited to how they address gambling addiction, the restaurant chains are following the trend in the food and consumer goods industries towards more organic and Fair Trade products. Companies which can offer a product range of this kind will enjoy corresponding benefits. There are now long-established, recognised standards and labels for organic and Fair Trade products.

However, when people talk about “sustainable tourism”, they usually mean hotels and tour operators. Up to now there have been few unified sustainability standards covering this sector, although consumer demand for “sustainable” products and services is on the increase. At the moment, specialist providers of “sustainable tourism” products are still operating in a niche market, with a market share of around one percent¹. This segment lives off the concept of a “perfect world” and, for this reason, close contact with nature is part of its core business. The 139 specialist operators which comprise the “forum anders reisen” (“Travel Differently”) saw growth of 11% last year, significantly higher than growth in the industry over-

all, which stood at 1.2% (*FremdenVerkehrswirtschaft* 2011). Above and beyond specialist providers, 8% of travellers have made use of “sustainable” travel opportunities, according a survey carried out in Germany². Around one quarter of holidaymakers would like to book a “sustainable holiday” if their authenticity was credible and if they were easily available. That's the result of studies by the School of Tourism at the University of Applied Sciences and the Arts in Lucerne, TUI Travel and the WWF (Fig. 6). However, the studies also revealed that today's holidaymakers take it for granted that employment conditions at the travel destinations will be fair, and that social, environmental and economic sustainability factors are taken into account, regardless of whether the holiday is billed specifically as “sustainable”.

Fig. 6: Booking behaviour and environmental criteria



Source: The carbon footprint of tourism (WWF)

Hotels and travel operators which include “sustainable” holidays in their product range benefit not only from growth in this market segment, but also from greater customer loyalty. Research carried out in Austria has shown

¹ Source: *Urlauber wollen keine kontaminierten Reisen*; Interview with Heinz Fuchs of EED Tourism Watch.

² F.U.R. 5/2009 online survey

“Sustainable Tourism” is in vogue

that hotels which position themselves progressively in social and environmental terms, already have twice as many regular customers as conventional hotels.

What is “sustainable tourism”?

From our perspective, “sustainable tourism” means that the range of travel products on offer meet high standards across the key sustainability evaluation themes. This means, for example, that travel is undertaken using environmentally friendly transport, that the accommodation meets high energy efficiency standards, that employees receive a living wage and that the head chef sources products on the local market which are grown using the most environmentally friendly methods possible.

The industry has begun to develop standards which take these criteria into account and which customers can use to help them make informed choices. Because the individual criteria are multifarious and at times complex, the

example of the food and consumer goods industries is taken as a model and standards are employed which incorporate a broad range of individual requirements within a single sustainability label, which provides a clearer means of communicating with the customer.

The label jungle

Various organisations have developed sustainability labels. Up till now, however, there is no single unified label, even though this would be in the interest of customers so as to provide greater transparency. Tourism labels which encompass all three sustainability dimensions – i.e. social, environmental and economic – include Green Globe, EarthCheck, Sustainable Tourism Eco-Certification Program (STEP), TourCert, Travelife, Bio-Hotels and Steinbock (Fig. 7).

Fig. 7: The foremost sustainability labels for tourism

Label	Scope	Partner organisations	Regional significance
Green Globe	Hotels, holiday camps, travel companies, conference centre, car hire companies,	UNWTO, WTTC, TSC, EVVC, GCB, Atmosfair, emendo 4, OBMI, Bisa spa	83 countries worldwide
EarthCheck	Hotels, travel and tourism industry	Rainforest Alliance, WWF, EarthCheck Research Institute, GRI and others	70 countries worldwide
Sustainable tourism eco-certification program (STEP)	Small hotels, restaurants, events, travel and transportation companies	Sustainable Travel International	Worldwide, with a focus on North America, UK, Mexico
CSR TourCert	Travel operators and, from 2012, travel agencies	EED, Naturfreunde International, KATE, HNE Eberswalde	Germany, Austria, Switzerland, other European countries
Travelife	Hotels and holiday apartments	Travel operators, UK, Scandinavia, Netherlands, Germany, Brazil, Thailand	36 countries worldwide
Bio-Hotels	Hotels	Hotel industry	Central Europe
Steinbock	Hotels, hostels, youth hostels, conference centres	grischconsulta, Öplus	Switzerland, Liechtenstein
Fair Trade Travel	Accommodation, excursions, tourism	akte, EED, European tour operators	Global, with a focus on South Africa

Source: Bank Sarasin, akte, hotelliersuisse

Most of these labels have a global reach, although Bio-Hotels and Steinbock only apply to certain regions. Although Fair Trade Travel can be used internationally, for practical purposes it is only used in South Africa. Some labels such as Travelife and EarthCheck only apply to accommodation, whereas others such as TourCert only apply to tour operators while Green Globe, STEP and Fair Trade Travel encompass the entire range of tourism products. All of the labels have been developed by committed industry representatives such as hotel owners and tour operators and/or by stakeholder groups such as the Working Group on Tourism and Development (akte), the Church Development Service (EED) or the WWF with the clear aim of promoting sustainability in tourism.

How good are the labels?

From the customer's point of view, this label jungle raises the question as to what extent the labels are trustworthy, in other words: “Just because it says sustainability on the tin, does it mean there's sustainability inside?” This must be assessed from two perspectives:

- Do the requirements of the labels cover the key sustainability themes?

- How stringent are these requirements?

Most labels employ criteria based on those of the Global Sustainable Tourism Council (GSTC), a tourism stakeholder organisation. These criteria cover the most important aspects of our core themes (Fig. 8). This applies in particular to the preservation of local ecosystems, the working conditions of staff and suppliers and support of the local economy and society. Less well covered, or not covered at all, is the reduction of environmental impacts due to travel and the quality of food, drink and entertainment, including the avoidance of health risks and a responsible approach to alcohol and gambling.

The differences between the labels lie mainly in their methodologies and depth of reach within companies. In the environmental field, the labels are strong in terms of measurable criteria such as water and energy consumption and CO₂ emissions, and weak when it comes to “soft” factors such as impact on biodiversity. Similarly less pronounced in the case of most labels is coverage of the entire supply chain (e.g. supplier working conditions). Fair Trade Travel has the most stringent requirements in this respect.

Fig. 8: Sustainability criteria of the Global Sustainable Tourism Council

Evaluation areas	Key individual criteria
Sustainability management	• Management systems for the environment, quality, health etc. • Training for employees (environment, quality, health etc.) • Customer satisfaction monitoring • Building design and configuration: in harmony with local environment, accessible for disabled people
Impact on local population	• Working conditions: decent wages and employment of local population, including at management level • Measures to combat child labour and sexual exploitation • Procurement and sale of local products • Avoidance of harm to water and power supplies to local communities • Code of conduct in relation to the local population
Impact on cultural heritage	• Guidelines governing visits to cultural, spiritual or historically sensitive sites; no impediment of access for the local population • Respect for and protection of cultural traditions and spiritual property of local communities
Environment	• Reduction of energy and water consumption, and of CO₂ emissions • Action towards climate neutrality • Qualitative and quantitative targets to reduce waste and water consumption and processing • Preservation of biodiversity, countryside and the ecosystem • Protection of indigenous wildlife • Reduction of noise and light impacts and pollution of air and soil

Source: Gobaal Sustainable Tourism Council

“Sustainable Tourism” is in vogue

The question as to whether the labels are stringent enough and whether their criteria are sufficiently ambitious cannot be answered across the board. In general, the criteria for being awarded a label are based less upon concrete efforts in relation to environmental protection, labour conditions and benefit to the local economy, and more on the presence of guidelines and organisational safeguards and relatively generalised requirements. For example, the GSTC criteria require that companies take steps to reduce water consumption, however, it does not specify any concrete consumption limits. In other words, the fact that a hotel is in possession of a label does not necessarily mean that the hotel has achieved a low level of water consumption.

The value of the label probably has less to do with concrete environmental and social standards, and more to do with supporting a gradual process of improvement. For this reason, most labels also have various grades (bronze, silver, gold) with incremental requirements. This allows a hotelier to acquire a label without having to fulfil all of the criteria in one go.

Prevalence of labels in practice

Although a whole range of labels is available, and although there is a lot of customer interest in these signposts, up to now only a tiny fraction of companies in the industry have obtained certification. To this extent, “sus-

tainable tourism” is still in its infancy. In order to promote “sustainable” tourism products, it would make sense to agree on one or a few generally recognised standard labels so that customers could easily find their way around them, in the same way they do with organic or Fairtrade labels.

Taking labels into account in the sustainability rating

Because labels help to encourage tourism providers in the direction of greater sustainability, the presence of a label is a positive factor in our sustainability rating. In addition to the presence of a label, its permeation through the whole company is also assessed. However, because the use of sustainability labels in tourism is still on the starting blocks, up to now only a very few companies have gained sustainability points on account of them.

Because labels tend to encompass more general requirements, with regard to the sustainability rating they can still only be part of the story. The assessment is therefore supplemented by indicators for the company's actual achievements in the environmental and social field. This includes, for example, tangible environmental data such as energy and water consumption per unit sales or per guest, concrete measures taken by the company relating to core sustainability themes, and also reports on controversial activities and projects.

Sustainable companies

Compared with other sectors, the tourism industry presents fairly average environmental and social risks on balance. The sustainability criteria we therefore impose on companies are therefore moderate. Below the sustainability leaders follows a pretty large mid-field – only a handful of companies have a comprehensive strategy for consistently expanding their offering of sustainable products and services. The candidates that qualify for our sustainability funds include the hotel chain **Accor**, the tour operator **Kuoni** and **Starbucks** (as a restaurant chain).

Tourism companies on the Sarasin Sustainability Matrix®

After comparing tourism directly with other sectors (from mining to renewable energy) we rate the environmental and social impacts of tourism as “average”. However, the industry only scores a below average rating on certain aspects such as labour conditions, specially wage level and continuity of employment. The same applies to suppliers. Equally critical are the social impacts of building development for tourism projects. By contrast, the direct environmental impacts of tourism are generally moderate compared with other industries.

The sector provides services in three different areas of activity, and this is reflected in three different valuations for each subsector.

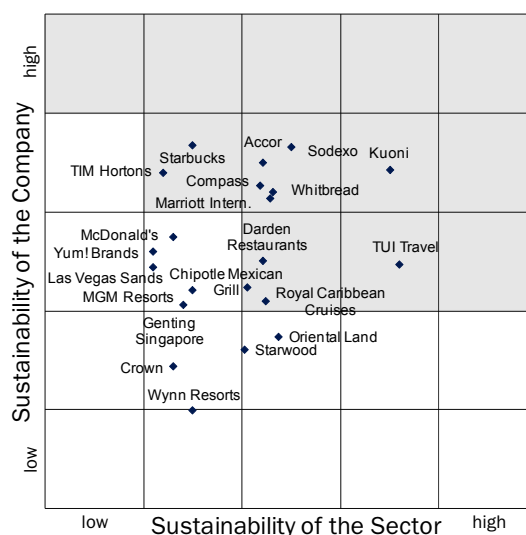
The sub sector tour operator receives an above-average rating due to their minimal direct environmental impacts and better employment conditions.³ The casinos and fastfood restaurants have a below-average sub sector rating due the negative effects of their products on human health (obesity, gambling addiction). To be eligible for investment for the hotel and restaurant sub sector in our sustainability funds, we impose moderate criteria for the sustainability rating of the individual company. The grey shaded area on the matrix in Fig. 9 shows investible companies.

Most big companies in the mid-field

The results of our sustainability assessment show that most of the big companies are positioned in the mid-field. Hardly any of the companies have a consistent strategy for expanding their range of products and services towards more sustainable offerings or for positioning themselves as a sustainable company. None of the companies

in the tourism industry therefore especially shine in the field of sustainability and deserve a “high” rating.

Fig. 9: Sarasin sustainability ratings for large tourism companies



Source: Bank Sarasin

Leading companies

Among the hotel chains, **Accor** stands out for its exemplary environmental management: 10% of its hotels are certified to ISO 14001, 55% of hotels record their water and energy consumption, as well as indicators for greenhouse gas emissions. The level of energy consumption per hotel room has been continuously reduced. The Novotel Group has been awarded the Green Globe Label. Accor scored well in the social domain, with good working conditions and a commitment to combat child prostitution.

The UK hotel and catering group **Whitbread** has an overarching sustainability strategy that covers environmental

³ Their environmental and social impact is indirect, i.e. it mainly affects their business partners (above all transport companies), rather than the direct impact caused by operators of tourist facilities.

Sustainable companies

protection, employees, procurement and food safety. 100% of the Costa coffee supplied in the UK, and 70% worldwide, is certified with the eco-label Rainforest Alliance. This is well ahead of other companies.

The **Starbucks** café chain already has a big selection of Fairtrade and organic products. 11% of its coffee is Fairtrade, 4% organic, and the rest meets the Starbucks C.A.F.E. standard. The company plans to further expand its range of Fairtrade and organic products. The company continuously raises its environmental targets, and consistently meets them too. It has a good reputation as an employer due to the relatively good working conditions and the sickness insurance cover it offers.

Among the catering companies, both Compass and Sodexo have an above-average rating. **Compass** has a policy of favouring local produce and also offers Fairtrade and organic products. Its environmental and social management system extends to its suppliers as well. Regular soundings are taken of groupwide energy & water consumption and waste disposal, as well as work and food safety and employee satisfaction, and appropriate targets set. Most of these targets have been met or even exceeded.

The product portfolio of **Sodexo** includes facilities management, buildings maintenance and employee incentive schemes. These products must meet high ethical standards regarding corporate responsibility, employment conditions and customer service, and suppliers are required to meet these as well. Women make up 41% of the management, reflecting the company's success in implementing its equal opportunities policy. In addition, Sodexo is pushing ahead with measures to reduce energy and water consumption in all its lines of business.

Kuoni was the first of the bigger tour operators to be awarded the Fair Trade Travel Label for its package holidays. The holiday brochures highlight the hotels and services that have been awarded the eco-labels Green Globe, Travelife and TourCert. At the top end of the mar-

ket, Kuoni offers a product line of holidays in harmony with nature and foreign cultures. Kuoni's high environmental and social standards apply across the entire value chain, from the company's employees through to its travel packages, means of transport and suppliers. The company requires the hotel operators it works with to meet certain criteria regarding working conditions, child protection and the environment. Kuoni also requires external audits to be carried out.

TUI also uses external ("Green Globe") and internal eco-labels ("Eco-Resorts"), and 45 of its clubs and hotels now carry them. In addition, TUI and other tourism operators have launched the "Futouris" initiative in a move to promote the sustainability of the tourism industry and to contribute to sustainable development in targeted areas. The company also has a certified environmental management system. TUI focuses on measurable environmental indicators such as CO₂ emissions, energy and water consumption. Recently TUI has also stood up for human rights and the prevention of sexual exploitation, especially of children.

Influence of sustainability on performance

Key themes of sustainability – especially a company's positioning in sustainable service offerings and responsible attitudes towards local traditions and economic structures – have a direct impact on tourism companies' future success prospects. Companies who lead the way here have better chances of market success in the long run and are more capable than less proactive companies of avoiding or reducing the risks associated with the loss of reputation, restrictions imposed by regulators or labour disputes, for example. This is demonstrated by the superior growth rates achieved by the specialist operators who have joined the "forum anders reisen" (11% versus 1.2% in the industry overall) or by the greater loyalty shown by customers towards hotels that take a progressive stance on social and environmental issues.

Appendix: sustainability criteria

Sustainability criteria for the tourism industry

Criteria	Weighting	Key indicators
Environmental criteria		
Strategy and management	10%	- Environmental goals enshrined in the strategy - ISO 14001 certification
Pre-production	15%	- Building style in harmony with the surroundings and respecting the landscape, preservation of biodiversity, ecosystem - Environmental protection requirements for suppliers
Production	20%	- Environmentally friendly building materials and food - Separation of waste
Products & Services	4%	Education and incentives for clients to minimise their ecological footprint (e.g. CO₂ offset)
Social criteria		
Strategy and management	12%	- Sustainability management in companies - ISO 26 000 guidance on social responsibility
Government and general public	12%	- Respect for local livelihood, culture and civic pride - Optimising socio-economic benefits
Investors	3%	Responsible corporate governance and controlling
Suppliers	6%	Social standards for suppliers, and monitoring their compliance
Employees	12%	- Local staff at all hierarchical levels - A living wage
Customers	12%	Avoidance of health risks (diet, alcohol, gambling)
Competitors	3%	Competitive behaviour

Source: Bank Sarasin

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