



KUONI TRAVEL HOLDING LTD, SWITZERLAND

## Organizational Regulation of Kuoni Travel Holding Ltd

Version	Effective Date	Author/Issuing Department	Approved by
15.12.2015	01.01.2016	Group Legal Department	Board of Directors

**Table of Contents**

<b>1. General remarks</b>	<b>4</b>
<b>2. The Board of Directors</b>	<b>4</b>
2.1. Constitution	4
2.2. Duties and authorities	4
2.3. Further duties and authorities of the Board of Directors	5
2.4. Board meetings	6
2.4.1. Frequency and convocation	6
2.4.2. Attendees	6
2.4.3. Chair	6
2.4.4. Quorums and voting	6
2.4.5. Signatory authority	7
2.4.6. Compensation	7
2.4.7. Additional Positions	7
2.5. The Chairman and the Vice-Chairman of the Board of Directors	7
2.5.1. Election and Responsibilities of the Chairman of the Board of Directors	8
2.5.2. Duties and authorities of the Chairman of the Board of Directors	8
2.5.3. The Vice-Chairman of the Board of Directors	8
<b>3. Board committees</b>	<b>8</b>
3.1. Compensation Committee	9
3.2. Nomination Committee	9
3.3. Audit Committee	10
<b>4. The Group Executive Board</b>	<b>10</b>
4.1. Appointment and composition of the Group Executive Board	10
4.2. Function of the Group Executive Board	10
4.3. Duties and authorities of the Group Executive Board	10
4.4. Reporting	11
4.5. Additional Positions	11
<b>5. Internal Audit</b>	<b>12</b>
5.1. Appointment	12
5.2. Functions, duties and authorities	12
5.3. Special audits	12
5.4. Access rights	12
5.5. Reporting	12
5.6. Coordination	12
5.7. Delegation	12

<b>6.</b>	<b>Final provisions</b>	<b>12</b>
6.1.	Conflicts of interest of and transactions with members of the corporate bodies	12
6.2.	Confidentiality	13
6.3.	Age limit	13
6.4.	Amendments	13
6.5.	Approval and Entry into effect	13
6.6.	Miscellaneous	13

## 1. General remarks

This Organizational Regulation is issued by the Board of Directors of Kuoni Travel Holding Ltd (hereinafter referred to as “the Company”), in accordance with Articles 716 and 716b of the Swiss Code of Obligations, the Ordinance against excessive compensations in listed stock corporations (OaeC) as well as Articles 19 and 22 of the Company’s Articles of Incorporation.

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

- the Board of Directors;
- the Chairman of the Board;
- the committees of the Board of Directors;
- the Group Executive Board; being the Executive Board (*Geschäftsleitung*) in terms of the OaeC and the Articles of Incorporation;
- Internal Audit.

The Company is the holding company of various (directly or indirectly) controlled subsidiaries (the Company and the subsidiaries are hereinafter jointly referred to as “the Group”). In view of this, the Company’s executive bodies perform their financial, strategic and management duties not only for the Company but also for the Group. The Board of Directors and/or the Group Executive Board issue further regulations/guidelines as and when required.

## 2. The Board of Directors

### 2.1. Constitution

The Board of Directors shall constitute itself, subject to different provisions in the Articles of Incorporation or in mandatory law. It shall elect one or more Vice-Chairmen from among its ranks. The Board of Directors shall also appoint a Secretary, who need not be a Board member.

The terms of office of the members of the Board of Directors as well as the term of office of the Chairman and the Vice-Chairman/-men of the Board of Directors shall end no later than at the closing of the ordinary Shareholders Meeting following their election. Re-election is permitted.

### 2.2. Duties and authorities

The Board of Directors is responsible for the overall management of the Group as well as for supervising and controlling the conduct of business of the Group. It shall determine, on its own responsibility, the Group’s strategic objectives, the ways and means by which they should be achieved and the persons to be entrusted with the management of its business activities. It shall also ensure the long-term harmonisation of the Group’s strategic and financial planning.

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

For the non-transferable and inalienable obligations of the Board of Directors reference is made to Article 716a of the Swiss Code of Obligations and Article 22 of the Company's Articles of Incorporation.

### 2.3. Further duties and authorities of the Board of Directors

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

- based on corresponding requests and proposals from the Group Executive Board, regulating the principles of the following areas in particular:
  - financing policy
  - investment policy
  - asset management policy
  - risk management, sourcing and trading policy
  - further areas as and when required;
- decisions regarding entering new and abandoning existing business segments and establishing and winding-up subsidiaries;
- exercising shareholders' rights within the Group and monitoring the Group's business activities;
- approving the conclusion, modification and termination of contractual agreements with third parties which are of strategic importance to the Group;
- ensuring and maintaining an appropriate separation of management and monitoring/controlling functions;
- acknowledging the reports of the external and internal auditors and initiating any actions required in the light thereof;
- issuing, reviewing and revising any regulations and monitoring observance thereof;
- ensuring an appropriate composition and planned renewal and further education of the Board of Directors;
- annual appraisals of its own performance;
- dealing with any legal disputes which are of particular significance to the Group;
- ruling on conflicts of interest or in the event of an inability to act within the Group Executive Board;
- preparation of the compensation report pursuant to Article 13 OaeC, based on the proposal of the Compensation Committee;
- further, the Board of Directors resolves based on the proposal of the Compensation Committee on the total compensation of the Board of Directors for the period until the next ordinary Shareholders Meeting as well as of the Group Executive Board for the financial year following the ordinary Shareholders Meeting and submits these resolutions to the Shareholders Meeting for approval in accordance with Article 28 of the Articles of Incorporation. The Board of Directors further resolves, based on the total amounts approved by the Shareholders Meeting and the respective proposal of the Compensation Committee, on the effective payment of the compensation and supervises together with the Compensation Committee the adherence to the total compensation and the compliance with the compensation regulations.

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

## **2.4. Board meetings**

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

The Board of Directors shall meet as frequently as business demands, generally six times a year. Board meetings shall be convened by the Chairman of the Board of Directors or, if the Chairman is unable to do so, by the Vice-Chairman or, if the Vice-Chairman is unable to do so, by another Board member. The Chairman of the Board shall also convene a Board meeting generally within ten days if requested to do so in writing by any Board member or by the CEO.

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

### **2.4.2. Attendees**

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

### **2.4.3. Chair**

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

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

A Board meeting shall be quorate, i.e. empowered to pass resolutions, provided a majority of its members are present. In the event that individual members have to abstain from voting, they do not count for the calculation of the quorum. This attendance quorum requirement shall not apply, however, to resolutions establishing the subscription of shares or the paying-in of share capital, resolutions to amend the Articles of Incorporation in connection with capital increases, or resolutions relating to capital increase reports.

The Board of Directors shall pass its resolutions and effect its elections by a simple majority. In the event of a tie, the chair of the meeting shall have a casting vote. All resolutions shall generally be passed and all elections generally conducted by a show of hands, unless a member demands a

written ballot. Board resolutions on a particular motion, proposal or request may also be passed by a simple majority in writing (i.e. by letter, fax, e-mail or other written medium), provided all Board members have been offered the opportunity to submit their vote and provided no member has requested an oral discussion of the issue concerned.

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

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

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

#### **2.4.6. Compensation**

Within the provisions of the Articles of Incorporation, the Board of Directors may determine the structure and the level of the compensation of the members of the Board of Directors in a separate regulation.

#### **2.4.7. Additional Positions**

The maximum permissive number of additional positions of the members of the Board of Directors is subject to Article 27 of the Articles of Incorporation.

Any individual who is proposed to the General Meeting of Shareholders for election to the Board of Directors shall provide the Board of Directors with a list of their existing additional positions held at other companies in good time, i.e. before the publication of the General Meeting's agenda and nominations for election required by law. The Chairman of the Board examines whether the additional positions are compatible with the future activities of the candidate for the Kuoni Group.

When in office, no Board member may assume any additional position at another company without the prior approval of the Chairman of the Board or, respectively, in case of additional positions of the Chairman of the Board the approval of the Board of Directors. The approval may in all cases only be withheld with good cause. Such good cause shall be in particular:

- the position is obviously incompatible with the interest of the Kuoni Group;
- the position is associated with excessively high reputational risks which, in the event that such risk occurs, would cause serious damage to the Kuoni Group; or
- the time required for the workload of such position, provided that thereby the diligent performance of the position as a Board member of the Kuoni Group is impossible or endangered.

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

### **2.5.1. Election and Responsibilities of the Chairman of the Board of Directors**

The Shareholders Meeting elects the Chairman of the Board of Directors from among the members of the Board of Directors. In the event that the position of the Chairman is vacant, the Board of Directors appoints a new Chairman for the remaining term of office.

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

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

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

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

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

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

### **2.5.3. The Vice-Chairman of the Board of Directors**

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

## **3. Board committees**

The Board of Directors may form committees from among its midst in order to fulfil its duties, subject to the election of the members of the Compensation Committee by the Shareholders Meeting.

The Company has the following permanent committees:

- Compensation Committee
- Nomination Committee and
- Audit Committee



The specific composition, organization, competences and duties of the committees are laid down by the Board of Directors in corresponding regulations (committee charters) to the extent that they are not stated in the Articles of Incorporation or a resolution of the Shareholders Meeting. The regulations are attached to and form an integral part of the present Organizational Regulation. The Board of Directors is entitled to form additional committees for certain assignments.

As a rule, the committees are constituted by the Board of Directors, subject to different provisions in the Articles of Incorporation or in regulations.

The Chairmen of the committees inform the Board of Directors at the respective following ordinary meeting of the Board of Directors about their activities, in urgent cases also immediately.

### **3.1. Compensation Committee**

The Shareholders Meeting elects a Compensation Committee consisting of two to five members. The members of the Compensation Committee are elected individually. Only members of the Board of Directors are eligible for election. The term of office of the members of the Compensation Committee ends at the latest with the closing of the ordinary Shareholders Meeting following their election. Re-election is admissible.

If the Compensation Committee is not fully staffed, the Board of Directors elects the missing members for the remainder of the term.

The task of the Compensation Committee is to make a proposal to the Board of Directors regarding the total compensation of the Board of Directors for the period until the next ordinary Shareholders Meeting as well as of the Group Executive Board for the financial year following the ordinary Shareholders Meeting for approval by the Shareholders Meeting in accordance with Article 28 of the Articles of Incorporation. In addition, based on the total amounts approved by the Shareholders Meeting, the Compensation Committee makes proposals to the Board of Directors regarding the effective payment of the compensation and supervises together with the Board of Directors the adherence to the total compensation and the compliance with the compensation regulations. Further, the Compensation Committee prepares the compensation report and submits it to the Board of Directors for resolution.

To fulfil its duties, the Compensation Committee may consult other persons and external consultants for support and have them participate in its meetings.

The Board of Directors may assign further tasks to the Compensation Committee.

### **3.2. Nomination Committee**

The Nomination Committee makes sure that Kuoni recruits and develops experienced and qualified executives and obtains their long-term commitment. Thereby, it observes the standards of a good Corporate Governance and the long-term interest of the Shareholders. Upon request by the Compensation Committee, the Nomination Committee may provide the necessary information in order to allow the Compensation Committee to propose an appropriate compensation in line with market conditions for evaluated candidates for the Board of Directors or the Group Executive Board.

### **3.3. Audit Committee**

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

## **4. The Group Executive Board**

### **4.1. Appointment and composition of the Group Executive Board**

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

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

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

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

### **4.2. Function of the Group Executive Board**

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

### **4.3. Duties and authorities of the Group Executive Board**

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

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

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

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

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

#### **4.4. Reporting**

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

- a report on business developments and the observance of Board resolutions;
- interim results;
- a liquidity report;
- new material legal disputes;
- any other reports requested by the Board of Directors.

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

#### **4.5. Additional Positions**

The maximum permissive number of additional positions of the members of the Group Executive Board is subject to Article 27 of the Articles of Incorporation.

Members of the Group Executive Board shall only be permitted to assume public functions or positions or to conduct other business for their own or for others' account with the approval of the Board of Directors. The approval of a position is within the free discretion of the Board of Directors, whereby the Board of Directors considers in particular whether the assumption of further positions by the respective member of the Group Executive Board is in the interest of the Kuoni Group or can provide a direct or indirect benefit to the Kuoni Group.

## **5. Internal Audit**

### **5.1. Appointment**

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

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

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

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

### **5.3. Special audits**

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

### **5.4. Access rights**

When performing the duties specified in 5.2 above, Internal Audit and the members of the Internal Audit team shall have unlimited rights to obtain all information and access to all and any documentation.

### **5.5. Reporting**

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

### **5.6. Coordination**

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

### **5.7. Delegation**

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

## **6. Final provisions**

### **6.1. Conflicts of interest of and transactions with members of the corporate bodies**

Any member of the Board of Directors or the Group Executive Board shall inform the Board of Directors in writing without delay about any possible conflict of interest existing upon assuming

office or occurring afterwards. Should any of them have a direct or indirect interest in a matter, the member shall inform the Board of Directors thereof without delay. The Chairman, or Vice-Chairman, shall request a decision by the Board of Directors commensurating with the seriousness of the conflict of interest and without the participation of the party concerned.

Any member of the Board of Directors or the Group Executive Board shall abstain temporarily from any meeting at which a matter is dealt with which affects their own interests and/or the interests of any related person or any person represented by them or any legal entity with which they are involved.

Transactions between the Company and members of corporate bodies or related persons or any legal entity with which they are involved shall be carried out "at arm's length". Such transactions should be approved without the participation of the party concerned. If necessary, an impartial opinion may be obtained.

## **6.2. Confidentiality**

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

## **6.3. Age limit**

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

## **6.4. Amendments**

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

## **6.5. Approval and Entry into effect**

This version of this Organizational Regulation was approved by the Board on the 15<sup>th</sup> of December 2015 and enters into effect on the 1<sup>st</sup> of January 2016. This version supersedes all prior versions.

## **6.6. Miscellaneous**

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

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

Heinz Karrer  
Chairman of the Board of Directors

David J. Schnell  
Member of the Board of Directors