According to the tourism industry association World Travel and Tourism Council (WTTC), the tourism sector's contribution to global GDP is US$ 5.8 trillion, or 9.3 percent of global GDP. With 235 million employees, tourism is one of the world's largest employers. In these projections WTTC does not only consider the income from international tourism, but also the estimated income from national tourism worldwide, and not only the travel and tourism industry as such, but also the indirect income from backward and forward linkages in other sectors – from suppliers to taxi drivers to the construction sector.

For many countries, the hope for positive economic development, income and prosperity is the driving force that makes them rely on tourism. However, a different matter is whether the local population is able to participate in the development of tourism or whether fundamental human rights are violated and whether the environment suffers serious damage.

Worldwide, there is an increasing number of organisations and project initiatives working towards fairer and more sustainable economic models in tourism. Supporting such initiatives and projects with financial contributions is the objective of the SST foundation. During the year documented, it was possible to make grants and awards amounting to a total of more than CHF 142,000.-. Since it was founded in 2001, the SST foundation has supported organisations and projects with a total of more than CHF 1.1 million. 80 percent of this support went to organisations and projects in Africa, Asia and South America. Around 20 percent were disbursed to applicants from Switzerland and other parts of Europe. The foundation focuses on projects in tourist destinations in the South where relatively small amounts can contribute to socially responsible and environmentally friendly tourism development which can improve the quality of life for the population on a long-term basis and in a sustainable manner.

Report on the Board's Activities

In 2011, the Board held four regular meetings.

The regular meetings held by the Board mainly focussed on the evaluation of the quarterly financial reports and on decisions on funding proposals. According to the rules of procedure, the preparatory work has been delegated to the foundation’s offices, standing committees and individual members of the Board.

Funding Committee

In the year documented, the funding committee reviewed the proposals submitted in order to determine whether they are in line with the foundation’s objectives and guidelines for grant applicants. Nine project proposals were presented to the Board, four out of which were supported by the foundation. Furthermore, the Working Group on Tourism & Development (akte) in Basle again received a substantial amount on the basis of a project approval made earlier, covering projects of several years’ duration.

Further information on the projects supported by the foundation can be found in the section on grants and awards, and at www.sstfoundation.org.
TO DO! Contest on Socially Responsible Tourism

On the occasion of the International Tourism Exchange (ITB) in March 2012, the three winners of the TO DO! contest 2011 received a prize money of CHF 5,000.- each. The Institute for Tourism and Development (Tutzing, Germany) gives the awards for socially responsible tourism to projects which are implemented with the participation of local people. The SST foundation gives a prize money of CHF 5,000.- to each of the winners, and a delegate of the Board of SST represents the foundation in the contest jury. In addition, the foundation has since 2007 been one of the regular supporters of the TO DO! contest and supports this internationally renowned contest with a financial contribution of CHF 5,000.-.

Award Winners 2011
- San Miguel del Bala Ecolodge, Bolivia (www.sanmigueldelbala.com)
- AddiopizzoTravel by Addiopizzo Community, Italy (www.addiopizzotravel.it)
- Manda Wilderness Project – Nkwichi Lodge, Mozambique (www.mandawilderness.org)

For further information on the award winners and the TO DO! contest, see www.todo-contest.org.

Grants and Awards

In 2011, the year under review, grants and awards amounting to a total of CHF 142,325.- were disbursed.

Overview: Projects and Organisations Supported in 2011

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Working Group on Tourism &amp; Development, Basle, Contribution 2011</td>
<td>CHF 25,000.-</td>
</tr>
<tr>
<td>2. Women’s cooperative and cultural centre Afnan Algalil, Arraba, Israel</td>
<td>CHF 29,000.-</td>
</tr>
<tr>
<td>3. Workcamp Switzerland</td>
<td>CHF 12,000.-</td>
</tr>
<tr>
<td>4. Association FFA/Site agro-touristique, Madagascar</td>
<td>CHF 21,325.-</td>
</tr>
<tr>
<td>5. Caritas Switzerland, Sustainable Tourism to improve the living conditions of ethnic minorities, Vietnam</td>
<td>CHF 35,000.-</td>
</tr>
<tr>
<td>6. Contribution TO-DO! Contest on Socially Responsible Tourism</td>
<td>CHF 5,000.-</td>
</tr>
<tr>
<td>7. Awards for TO DO! contest winners 2011, 3 x CHF 5,000.-</td>
<td>CHF 15,000.-</td>
</tr>
</tbody>
</table>

Detailed descriptions of the projects and organisations supported by the foundation between 2001 and 2011 are available online at www.sstfoundation.org.
Finance and Investment Committee

Apart from continuously subjecting the transactions made by the asset management to scrutiny, the finance and investment committee had a detailed consultation with the portfolio manager in charge at Basellandschaftliche Kantonalbank. According to the foundation’s statutory regulations, the investment of assets must be in line with ethical, ecological and social criteria. To fulfill these conditions, the investments are subject to exclusion criteria as specified in the Swissca Green Invest criteria. In addition, investments must be predominantly in the shares of companies and in corporations that have undergone detailed sustainability research and have been included in the “ZBK Sustainable Investments” of Zürcher Kantonalbank.

Outlook

The Board of the foundation again budgeted a total of CHF 150,000.- to support projects and organisations in 2012. By providing this support, the foundation wants to keep up its commitment to sustainable tourism development within its scope and in line with its objectives.

Annotations to the Financial Statement

As at 31/12/2011, the foundation’s assets amounted to CHF 5,812,638.29. While the revenues amounted to CHF 215,310.33 (including unrealised capital gains on securities), the expenses (including grants and unrealised capital losses on securities) amounted to CHF 436,972.06. The books thus show a loss of CHF 221,661.73 in 2011. The net return on investment was -0.27 %. As at 31/12/2011 fixed-interest investments dominated, with a percentage of 78.57 % of total assets. The percentage of shares was 20.79 %, 0.63 % were liquid assets.

The operational and administrative costs decreased to CHF 47,136.73, as compared to the previous year (2010: 55,464.65) and remained 25.44 % below the budget.

The capital gains realised from the sale of securities and the revenues from securities amount to CHF 142,201.83, which is 45.31 % less than budgeted.

Due to the difficult situation on the stock and bond markets, the performance of the foundation’s investments was poor. In the financial statement, it mainly shows as unrealised capital losses under expenditures. The performance of the stock market in 2011 was unpleasant, as a consequence of the debt problems especially in Europe, due to the lack of economic development and last but not least because of the crisis resulting from a lack of confidence in the financial markets. The volatility of bonds and the low interest rates also contribute to the negative performance of the portfolio.

The foundation’s investment policy is long-term and cautious, yet income-oriented. This is to ensure the long-term protection of assets, while grants are made from the return on investment, which also covers running operational and administrative costs. Unfortunately, due to the impact of financial market developments on the foundation’s assets, this long-term goal was missed in 2011.

Board of Directors

Hansjörg Ruf, President
Hans Ulrich Schudel, Vice President
Barbara Affolter Gómez

Auditors

Ernst & Young, auditors, Basle
Board Committees

Finance and Investment:
- Michael Andres
- Hansjörg Ruf
- Hans Ulrich Schudel

Funding:
- Barbara Affolter Gómez
- Esther Ineichen
- Elena Obreschkow
- Hansjörg Ruf

Approved at the 49th Board meeting on 29 March, 2012