



**betterholidays  
betterworld**  
2016 REPORT



# ABOUT THIS REPORT

This report summarises TUI Group's progress between 1st October 2015 and 30th September 2016 on the Better Holidays Better World (BHBW) strategy. It aligns with the TUI financial year unless otherwise stated.

The report is designed to be relevant to a wide stakeholder audience, including employees, customers, and other online stakeholders. As well as following our strategic framework for 2015-2020, we've tried to respond to emerging issues of material importance to our business and our stakeholders.

This report covers data and progress on activities from businesses owned or controlled by TUI Group. In addition to embedded data collection systems in our offices, airlines, group product and purchasing and human resources platforms, there is also a bespoke web-based software tool for sustainability, introduced in 2013.

We requested that PwC provide assurance over the carbon emissions data of TUI Group Airlines, refer to the assurance statement on our [website](#).



**betterholidays  
betterworld**





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## FRITZ JOUSSEN

CHIEF  
EXECUTIVE  
OFFICER,  
TUI GROUP

Welcome to our Better Holidays Better World report 2016.

A couple of highlights from the second year of reporting against our Better Holidays Better World strategy really stand out for me. The first is the feedback from our TUIgether employee survey. This is - as you can imagine - a complex exercise for a business with 67,000 employees, but the insights it gives us are so valuable for understanding what motivates and inspires our employees. In the survey we included a question about TUI's credentials as an environmentally responsible company and we were extremely pleased that this year's result puts us in the 'high performer' businesses category. For me this really underscores how Better Holidays Better World is bringing us into line with the world's best companies. Our colleague engagement score, which measures engagement with TUI as a company to work for, also moved up 4 points in the past year, to 77,

which indicates to us that our drive to create an environment in which our employees thrive is on track.

The second was our performance in Investor Indices: we were named industry leader by the Dow Jones Sustainability Index (DJSI). We also made it onto the Climate A list of the Carbon Disclosure Project and were ranked among Europe's most efficient airlines. There's a lot more we can do to meet sustainability challenges, but receiving these honours is an important benchmark that shows we're on the right path.

This report outlines our progress against our Better Holidays Better World 2015-2020 strategy; it also includes our report on progress as signatories to the 10 principles of the UN Global Compact and our first statement on Modern Slavery, an important and challenging issue.

In 2017 – marks the UN Year of Sustainable Tourism. It's an opportunity for the travel industry to take stock, celebrate its achievements and continue the push for more transparent and responsible business. As a company committed to 'Lead the Way', TUI will continue to be at the forefront of that movement.

*Fritz Jousсен*  
TUI Group Chief Executive Officer



## THOMAS ELLERBECK

MEMBER OF THE  
GROUP EXECUTIVE  
COMMITTEE

DIRECTOR  
CORPORATE &  
EXTERNAL AFFAIRS

2016 has been a successful year for TUI. Both commercially and in the integration of the Better Holidays, Better World strategy right across the business we have worked hard to achieve our 2020 goals. But we also know we have to stretch further and continue to find better ways of doing things, and one example of this is the exciting evolution of the TUI Care Foundation.

By the close of 2016, TUI funding for good causes had reached €6.6 million and TUI Care Foundation was launched as a group-wide umbrella for supporting these initiatives going forward. Our recent research among our holidaymakers suggests that customer enthusiasm to see TUI maximise the positive impacts of tourism is high and we believe that the TUI Care Foundation does exactly that - with a focus on promoting education and opportunity for the next generation, protecting the natural world, and supporting destination communities to thrive.

One area where we fell short this year was our 2020 commitment to improve our carbon efficiency by 10%. For the first time in eight years our progress stalled, specifically in regard to TUI Airlines where efficiency deteriorated by 1.2% compared to the previous year. There were a number of reasons, but a key contributor was unexpected changes in airline routings and occupancy levels due to shifts in customer preferences away from East to West Mediterranean destinations as a result of geopolitical developments.

2016 has been a year of change around the world and TUI is no exception. Having launched three strategic focus areas in 2015 (Step Lightly, Make a Difference, and Lead the Way), I am delighted that we are now adding 'Care More' to that strategic set. The focus will be on our employees and how TUI aspires to be the best place to work so they can go further in providing our customers with truly unique and memorable holidays.

With 2016 chalking up 6.3 million 'greener and fairer' holidays (customers selecting hotels that have achieved sustainability certification) there can be no doubt that the appeal of sustainable holidays has gone mainstream. There is still ground to cover to meet our 2020 commitments and we know the shared global challenge of meeting the Sustainable Development Goals (SDGs) is immense, but we are confident TUI has the right frameworks in place to lead in making a difference.

*Thomas Ellerbeck,*  
Member of the Group Executive Committee  
Director Corporate & External Affairs





- TUI fly Germany and Thomson Airways ranked #1 and #2 most efficient charter airline in the 2016 global atmosfair index
- 100% of our Cruise operations certified to ISO 14001
- 4.1% reduction in CO<sub>2</sub> emissions per cruise passenger night compared with 2015

- TUI Airlines continue to be up to 30% more carbon efficient than the industry norm  
\*see page 16 for details

- 6.3 million 'greener & fairer' holidays  
(in hotels with sustainability certification)

- 1,170 hotels certified to a Global Sustainable Tourism Council recognised certification standard
- 846,000 TUI Collection excursions with sustainability at their heart
- 77% of TUI group-owned hotels had sustainability certifications



- Funds for research and good causes up 22% year-on-year

- €6.6 million raised for research and good causes

- Supporting 41 projects in 20 locations to date through the TUI Care Foundation

- Colleague engagement score of 77 (+4 points on 2015)
- 18.8% employees working part time
- Women in 29.4% of managerial positions





# ABOUT TUI GROUP

## OUR VISION

Discovering the world's diversity, exploring new horizons, experiencing foreign countries and cultures: travel broadens people's minds. At TUI we create unforgettable moments for our customers across the world and make their dreams come true. We are mindful of the importance of travel and tourism for many countries in the world and the people living there. We partner with these countries and help shape their future – in a committed and sustainable manner. We, the 67,000 TUI employees. Think Travel. Think TUI.

### Our Strategy

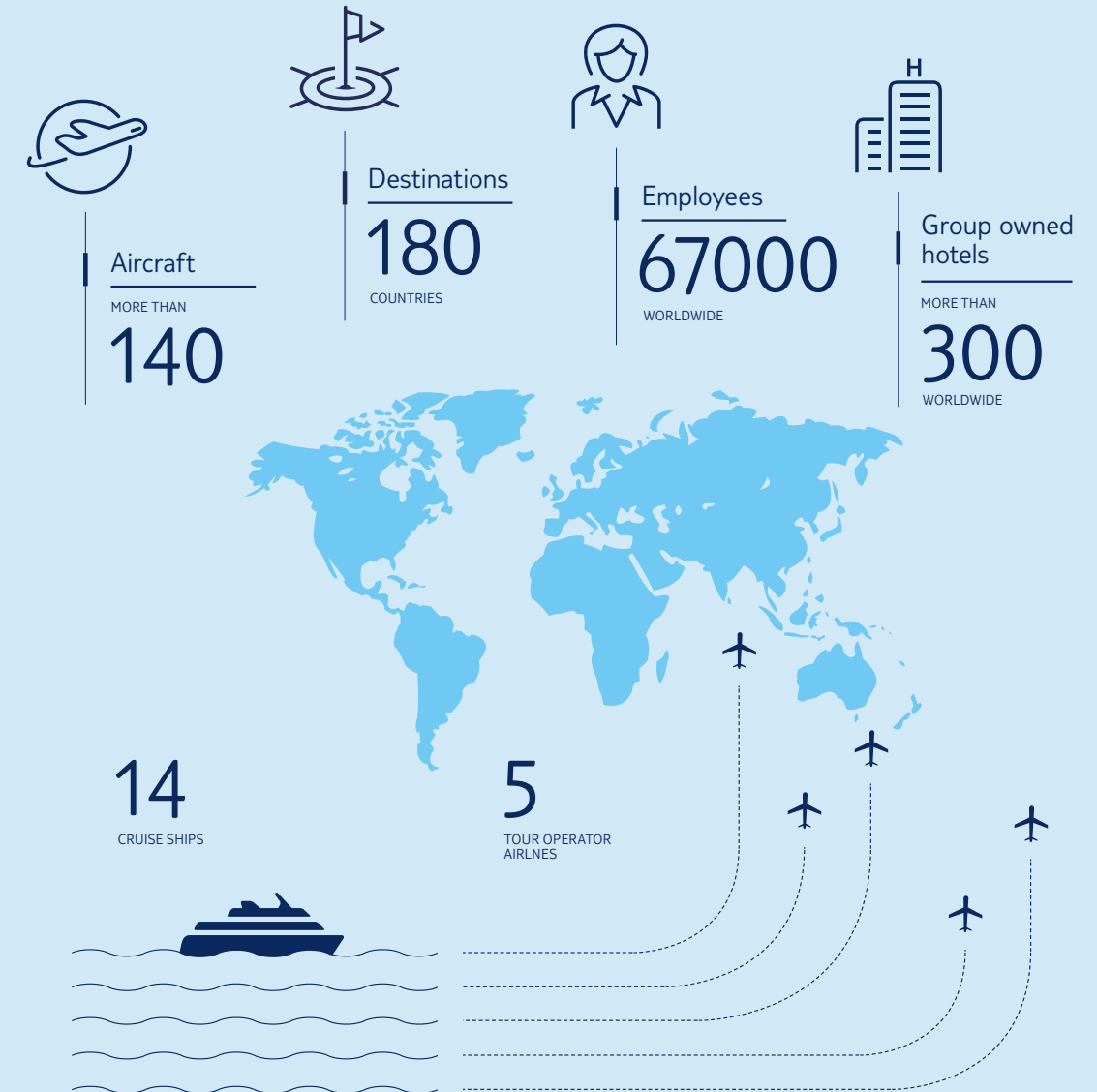
In 2015 TUI Group launched its five year Better Holidays Better World 2015 – 2020 strategy. The strategy was built around the following three core pillars:

- 1) Step Lightly, where we committed to operate the most carbon-efficient airlines in Europe and cut the carbon intensity of our operations by 10% by 2020.
- 2) Make a Difference, where we committed to deliver 10 million 'greener and fairer' holidays per year by 2020, enabling more local people to share in the benefits of tourism.
- 3) Lead the Way, where we committed to invest 10€ million per year by 2020, to support good causes and enhance the positive impacts of tourism, using the TUI care Foundation to support this work.

In 2016 we have evolved the strategy to include:

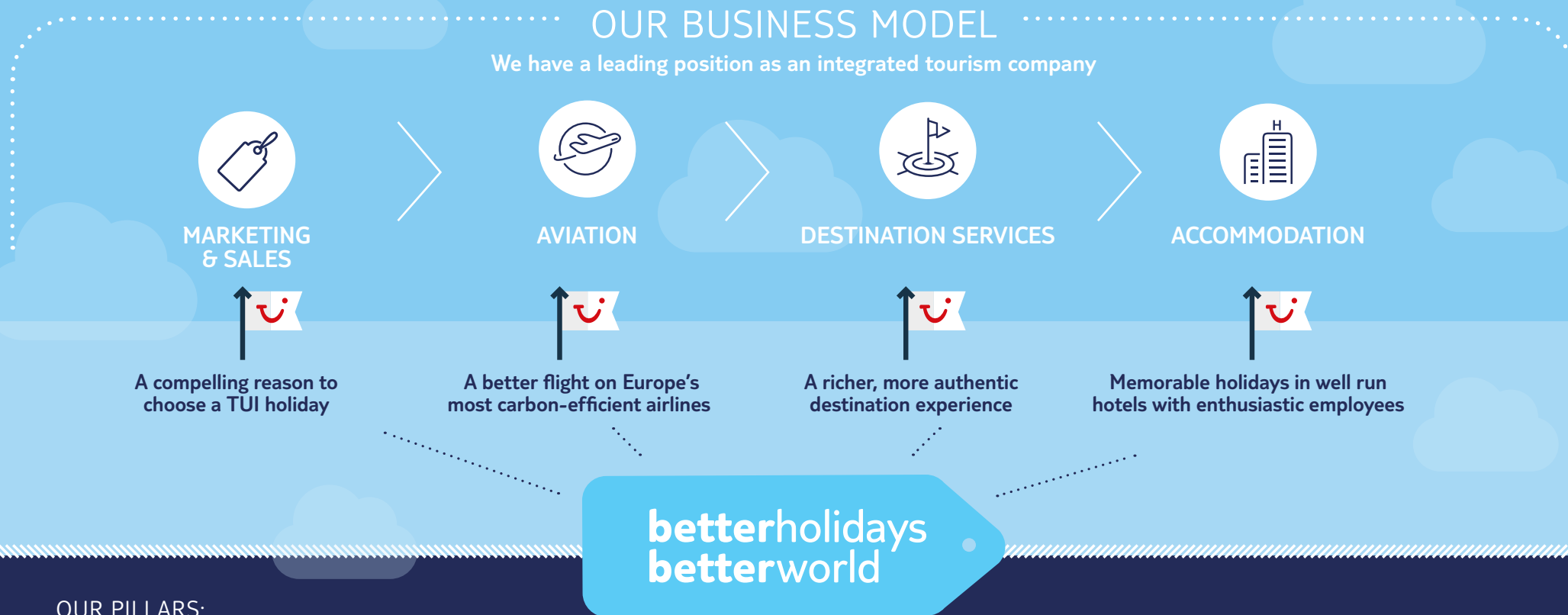
- 4) Care More, where we have committed to achieve a colleague engagement score of over 80 aligning us with the top 25 global companies by 2020.

## TUI PROFILE

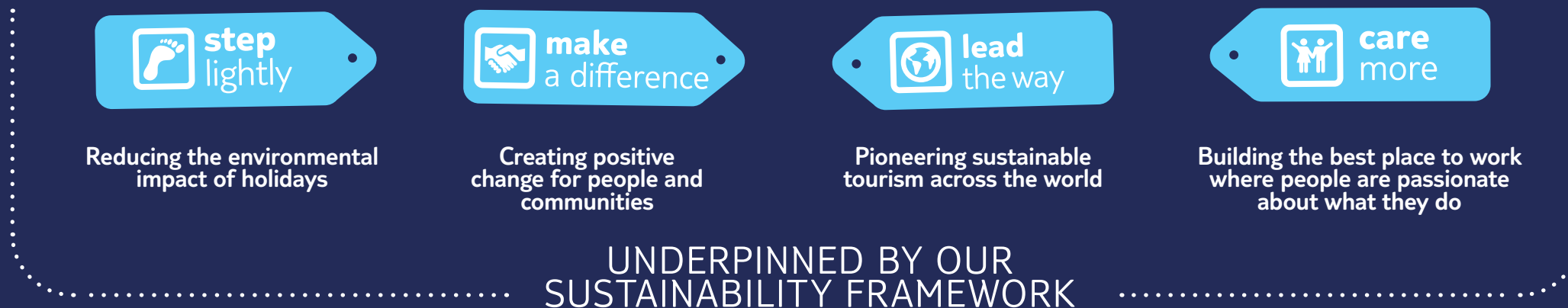




# HOW SUSTAINABILITY SUPPORTS OUR BUSINESS MODEL



## OUR PILLARS:

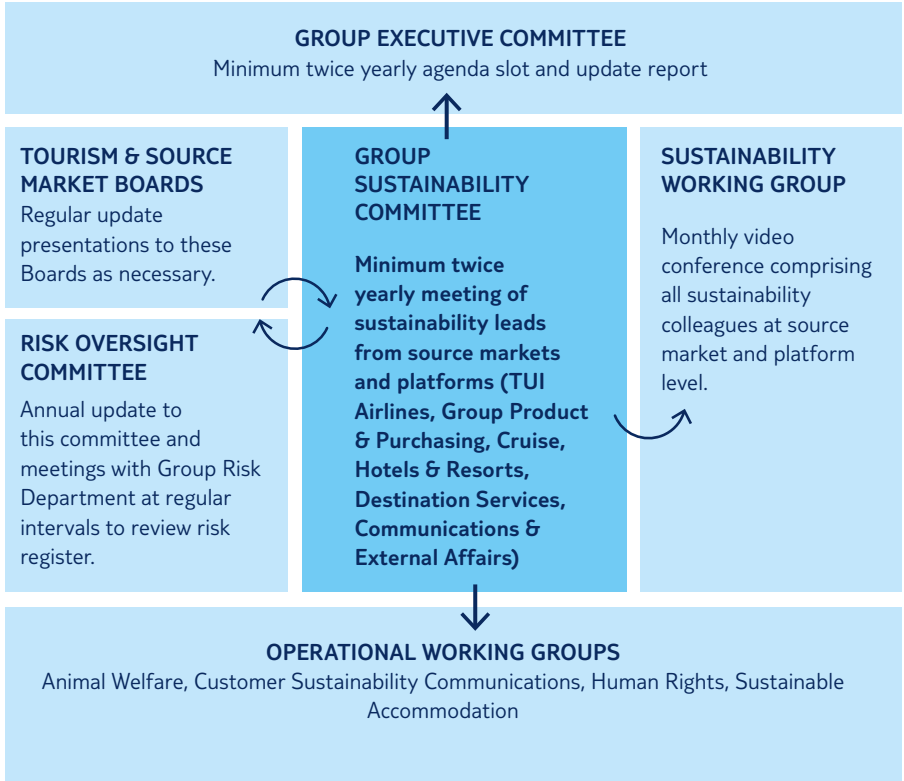




# SUSTAINABILITY AT TUI

TUI Group has a committed and experienced team of sustainability professionals, working in close collaboration with senior management at Group and at divisional level to help ensure that TUI's business and sustainability strategies are aligned. Our sustainability colleagues' role is to drive uptake of more sustainable business practices across the TUI Group and along its supply chain, and to advise the TUI Care Foundation on destination project proposals and implementation, with the aspiration of raising the leadership bar across our industry sector.

## MANAGING SUSTAINABILITY



“

As the Better Holidays Better World strategy embeds more widely within the organisation, so the relevance and governance of sustainability within the business has evolved. In addition to more regular audiences with the most senior management teams in the business, we work closely with our Group Risk, Marketing and External Affairs colleagues - not just to identify and mitigate risk but also to develop fresh opportunities for sustainability work at TUI and in destinations. Having worked hard over the years to develop more sustainable holiday offerings, our aspiration moving forward is to bring the product advantages of sustainability more to life for our customers, driving greater awareness and appreciation of how sustainability enhances the authenticity and enjoyment of their experience, whilst improving the benefits for host communities.

”

Jane Ashton,  
Director of Sustainable Development,  
TUI Group



# KEY THEMES FOR TUI AND THE TOURISM SECTOR

From our engagement with stakeholders there are some important recurring themes which we are often asked for a response to. We have outlined those themes and our response below:



## ANIMAL WELFARE WITHIN TOURIST ATTRACTIONS

Excursions that allow people to see and interact with animals remain very popular with our customers. We follow emerging research closely to inform our understanding of what is acceptable and considerate for the animals involved. On this basis we have banned elephant riding and shows and are working closely with travel trade associations and industry peers to raise the industry bar. Our suppliers are audited in line with the ABTA 2013 global animal welfare [guidelines](https://abta.com/working-with-the-industry/animal-welfare) <https://abta.com/working-with-the-industry/animal-welfare>



## EU CSR DIRECTIVE (2014/95/EU)

We welcome the move toward reporting on a broader set of issues and with increasing transparency. We are already adjusting our reporting practices in readiness.



## MODERN SLAVERY AND WIDER HUMAN RIGHTS REPORTING

TUI welcomes the push for greater transparency in global supply chains under the UK Modern Slavery Act and we will publish our first statement in 2017. As well as reporting on existing good practice, we will discuss any challenges we face and our plans moving forwards.



## CO<sub>2</sub> EMISSIONS FROM AVIATION

Our airlines rank amongst the most carbon efficient in Europe and we welcome the opportunity to work with the industry to create a cleaner future, including meeting IATA's goal for carbon neutral growth from 2020. TUI is broadly supportive of CORSIA, the ICAO's global carbon offsetting scheme, as a way to create a fair solution, stopping competitive distortion through EU ETS.



## SUSTAINABLE FUELS FOR AVIATION

Supply, cost and distribution are among the existing constraints on more widespread use of sustainable fuels for aviation. Through industry organisations, our collaborations with other stakeholders and our own investment (for example in algae-based products in Bonaire) we are committed to development in this area.



## EUROPEAN EMISSIONS DIRECTIVE (EED 2012/27/EU)

TUI Group is working to meet the EU Energy Efficiency Directive (EED). Compliance has already been met in the UK, Germany, France, Italy, Austria, Spain and Belgium, and audits for other European countries are taking place in 2017. We hope the process will help in our drive to achieve further energy reductions across TUI's operations.



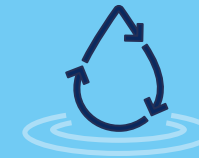
## CO<sub>2</sub> EMISSIONS FROM CRUISE SHIPS (DIRECTIVE 2015/757)

We support the drive for increased efficiency and aim to use cutting-edge technology in new ships and retrofit existing ships where feasible. We monitor performance data from our ships and will ensure we are compliant with the submission of a verified emissions report in April 2019.



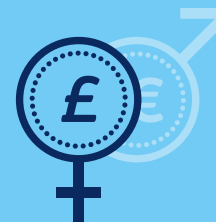
## ECONOMIC BENEFIT FOR TOURIST DESTINATIONS

Tourism can be a powerful force for good – boosting economies, creating employment and enhancing cultural understanding. Through the TUI Care Foundation we focus on 'thriving destinations' to go beyond the impact our tour operations are already bringing and find new and innovative ways to help destination communities prosper.



## WATER SCARCE DESTINATIONS

Water remains a key priority. Beyond measures to control usage, hotels are finding innovative ways to address supply problems. Desalination projects are a key component of our work and have made a big impact in destinations where they are in operation.



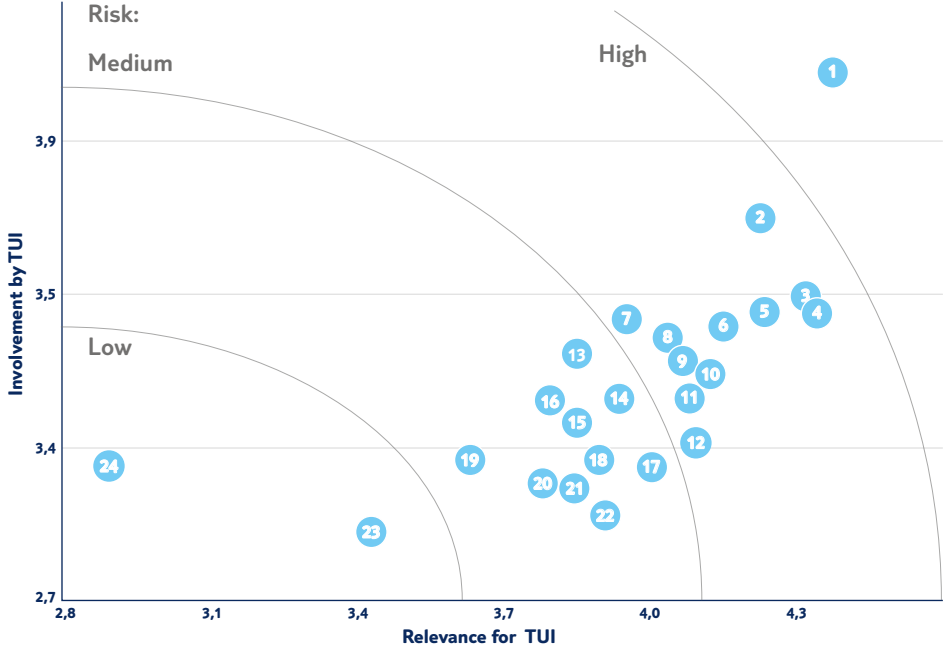
## GENDER PAY

Reward and remuneration is part of our overall approach to diversity and developing a more diverse leadership team. Collecting broader data sets to ensure we are compliant with the UK Gender pay regulations coming into force in April 2017 will improve our understanding and inform our human resources approach.



# MATERIAL ISSUES FOR TUI

TUI Group carried out a formal materiality assessment as part of developing the Better Holidays Better World 2015-2020 strategy. Using qualitative and quantitative methods, the business invited feedback from a wide range of stakeholders on the issues shown in the matrix alongside. In addition to detailed interviews with top-tier stakeholders, the process included a shorter feedback mechanism asking participants from five European markets to prioritise from a list of 26 material issues. The intention is to repeat this assessment process in 2017, the mid-point in our 2020 strategy.



- 1 Safety & Crisis Management
- 2 Compliance
- 3 Social Responsibility for Employees
- 4 Child Protection
- 5 Climate Change
- 6 Guest Awareness
- 7 Waste
- 8 Water
- 9 Development of Sustainable Products
- 10 Engagement in Destinations
- 11 Corporate Governance
- 12 Human Rights
- 13 Biodiversity
- 14 Energy
- 15 Sewage Treatment
- 16 Stakeholder Management
- 17 Landscape
- 18 Supply Chain
- 19 Diversity
- 20 Demographic Development
- 21 Innovation Management
- 22 Staff Development
- 23 Support of Education System
- 24 Fostering Art & Culture

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS AND MATERIALITY

Launched in 2015, the UN Sustainable Development Goals (SDGs) are a helpful 'big picture' way to view the material impact of our activities. In 2016, we reviewed our activities against the goals and intend to use them as a benchmark in future to assess the relevance of our initiatives. Sustainable tourism is specifically mentioned in three of the goals—SDG 8 on decent work and economic growth, SDG 12 on sustainable consumption and production, and SDG 14 on life below water. The SDGs were an important factor in the development of the TUI Care Foundation—our primary platform for funding detention initiatives—and will inform our strategy going forwards.

### TUI alignment with UN Sustainable Development Goals:

TUI alignment with UN Sustainable Development Goals:			Award-winning triple use water desalination at Robinson hotels in Majorca and Maldives			Microalgae production in Bonaire as part of our sustainable aviation fuels strategy			International recruitment programmes								
1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	SUSTAINABLE DEVELOPMENT GOALS
Tourism skills for disadvantaged youth in Dominican Republic			2000 new apprenticeships by 2020 in TUI UK in addition to 500 positions each year in TUI Germany and over 250 in the Netherlands and Belgium														
Work with Global Sustainable Tourism Council recognised certifications such as Travelife to safeguard hotel working conditions			Support for sustainable agriculture programmes in Turkey, Crete and Lanzarote			Worldwide beach cleans, turtle protection projects			Carbon intensity reduction targets across all TUI's business operations			Partnering via TUI Care Foundation with many NGOs on projects					



# OUR STAKEHOLDERS



# KEY STAKEHOLDER ENGAGEMENT PLATFORMS

In addition to our sustainability annual reports, we have developed a number of platforms to strengthen dialogue with selected stakeholder groups.



TUI Care Foundation produced and distributed a magazine to its partners and all TUI Senior Leaders to update them on the strategic direction of the Foundation.



An internal digital community was established to build cross market co-operation and collaboration on sustainability at TUI



Our Public Affairs team focussed its quarterly Policy Agenda document on sustainability which was delivered over a lunch and learn session in Berlin with key stakeholders.



Our Destination Services Team launched an interactive sustainability game for employees.



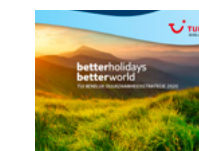
Some of our Business Units continue to produce their own Environment Reports more targeted to their specific stakeholders. This is the report for TUI Cruises published in September 2016.



For the second year our TUIgether employee survey included a question on how environmentally responsible employees considered TUI and achieved a score of 75 putting TUI in the 'High Performing Company' category.



Market Research carried out in 2016 provided us with the most comprehensive feedback yet on customer perceptions on sustainability and issues most material to them.



Markets within the TUI Group produced their own sustainability reports for engagement with their local stakeholders. This is the report for TUI Benelux.





## PARTNERSHIPS DRIVING PROGRESS

TUI collaborates with other organisations through the TUI Care Foundation and other channels. The following partnerships in particular help shape our strategic thinking.



TUI and the German Agency for International Development Cooperation (GIZ) are partnering in destinations. i.e. the TUI Care Foundation and GIZ provide placements in sustainable tourism to smooth the transition of women into the job market in Namibia.



TUI is a founding member of Futouris, the sustainability initiative of the German tourism sector. Its members are committed to working together in order to improve living conditions, preserve biodiversity, and promote environmental and climate protection worldwide.



TUI is a key sponsor and Board Member of the Global Sustainable Tourism Council (GSTC) and we promote GSTC's standards to accommodation suppliers and destinations. Jane Ashton, Director of Sustainable Development was a keynote speaker at their AGM in Korea in 2016.



Girls first

TUI have worked with Plan Nederland over many years on a range of destination project like the TUI Academy in the Dominican Republic and youth training in Brazil.



A TUI colleague represents the German Industry Association DRV in the destination and sustainability committee at ECTAA - the Group of national travel agents' and tour operators' associations within the EU.



TUI is a long term member of Sustainable Aviation in the UK and participates on a number of the working groups and is the business lead on the Waste working group.



TUI is part of the UNWTO's sustainable tourism task force for the UNEP 10 year framework for sustainable consumption and production.



TUI were a founding partner when the Travel Foundation was established in 2003 and since then we have worked with them on joint initiatives to build thriving destinations. The Travel Foundation does invaluable work to ensure tourism benefits people and the environment in destinations.



# ADVOCACY ACTIVITY IN 2016

A key component of TUI's strategy to 'Lead the Way' is to influence and engage the wider industry on issues that we know our stakeholders care about and where collective progress is needed. Over the past year, a large number of senior personnel have spoken at a range of forums about the industry's most material issues and TUI's response to them.

JAN 2016	Vakantiebeurs (Dutch travel fair), Utrecht	Jane Ashton, Director of Sustainability	OCT 2016	Global Sustainable Tourism Conference, Korea	Jane Ashton, Director of Sustainability
MAR 2016	International Tourism Bourse, Berlin	Thomas Ellerbeck, Member of the Group Executive Committee Wybcke Meier, CEO, TUI Cruises Elise Allart, Director, TUI Care Foundation Harald Zeiss, Sustainability Manager, TUI Deutschland	OCT 2016	International Centre for Responsible Tourism conference, Dublin	Ian Corbett, Sustainability Business Manager, TUI UK & Ireland
MAR 2016	UN/International Initiative for Peace through Tourism Global Peace Award for Empowered Women in Tourism, ITB	Jane Ashton, Director of Sustainability	NOV 2016	Global Sustainable Tourism Council, Athens	Melvin Mak, Sustainability Manager TUI Benelux Thomas Johnston, Senior Sustainability Manager for Products and Purchasing
APR 2016	World Travel and Tourism Council Conference, Dallas	Jane Ashton, Director of Sustainability	NOV 2016	World Travel Market, London	Fritz Jousen, CEO Garry Wilson, Managing Director, Product & Purchasing Jane Ashton, Director of Sustainability
MAY 2016	Travelife Conferences, Montenegro & Cyprus	Tom Johnston, Senior Sustainability Manager for Group Product and Purchasing	NOV 2016	Airports Going Green Congress, Amsterdam	Tom Sutherland, Environment Manager, TUI Netherlands
JUNE 2016	International Centre for Responsible Tourism Conference, Finland	Julia Melnik, Communications and PR Manager, TUI Nordics	NOV 2016	Antalya Turkish Hoteliers' Conference	Fritz Jousen, CEO
SEPT 2016	Cyprus Sustainable Tourism Initiative	Arantxa Garcia, Head of Sustainable Development for Destination Services	DEC 2016	COP22, Marrakesh	Jane Ashton, Director of Sustainability

# BENCHMARKS AND AWARDS

Throughout the year we track our performance against a number of externally-recognised benchmarks. This is particularly important to the investor community and provides a helpful performance yardstick for a wide group of stakeholders.

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

In 2016 TUI was listed on the DJSI Index for the 11th year running. This year we achieved a DJSI world listing as well as Industry Leader position for our Sector. We were also included in the 'Gold Class' category in the yearbook for 2016.

TUI Nordic brands Fritidsresor and Startour Denmark ranked most sustainable travel company in the 2015 Sustainable Brand Index

Jane Ashton, TUI Group Director of Sustainable Development won the Global Peace Award for Empowered Women in Tourism

TUI fly NL won sustainability award at schiphol Aviation Awards



TUI gained top ranking from CDP for carbon disclosure, management and performance and made it onto the Climate A list, ranking us in the top 9%.

TUI is also listed on; FTSE4Good, STOXX Global ESG Leaders ECPI Ethical Index

TUI NL won the Costa Partner Award for Sustainable Tourism

TUI fly Germany and Thomson Airways were ranked #1 and #2 respectively in the worlds index of most carbon efficient charter airlines



FTSE4Good

TUI Group is included in the Ethibel Excellence Investment register

TUI Group were long listed in the Register Deutscher Nachhaltigkeitspreis 2016

TUI Group named as a finalist in Innovation category 2016 Tourism for Tomorrow Awards

TUI Nederland won 2016 Sustainable Travel Award, TM Travel Awards

TUI Group winner of the "CSR Job Award Germany" (category Co-operation)



REDUCING  
ENVIRONMENTAL  
IMPACT



OUR BETTER HOLIDAYS BETTER WORLD  
2015-2020 STRATEGY COMMITMENT

We will operate Europe's  
most carbon-efficient  
airlines and reduce  
the carbon intensity  
of our operations by  
10% by 2020

PROGRESS AGAINST  
2020 COMMITMENTS



//

The renewed focus of the  
business on efficiency and  
greater centralisation will help  
in driving emissions down."

John Murphy, Director, Airline Operations



## HIGHLIGHTS

TUI Airlines  
continue to  
be up to 30%  
more efficient  
than the  
industry norm

4.1%  
reduction in  
CO<sub>2</sub> emissions  
per cruise  
passenger  
night compared  
with 2015

TUI fly Germany  
and Thomson  
Airways ranked #1  
and #2 most efficient  
charter airline in  
the 2016 global  
atmosfair index

€67 million  
saved through  
environmental  
efficiencies  
since 2012

## OUR IMPACT

5 tour operator airlines | 140 aircraft | 14 cruise ships | 180 destinations | 1,600 stores | >300 group-owned/managed hotels

### KPIs AND PROGRESS IN 2016



#### We will reduce TUI Airlines' carbon emissions per passenger km by 10%

In 2016 carbon emissions per passenger km were 66.8g CO<sub>2</sub>, an increase of 1.2% compared with 2015 (66g) but nonetheless a 1.2% reduction against the 2014 baseline.

#### All TUI airlines will be ISO 14001

All five tour operator airlines maintained their certification to ISO 14001 standard certified.

#### Our airlines will source food, beverages and other supplies responsibly

The airlines are in the process of completing a responsible sourcing review, which will be used to set targets in 2017.

#### We will segregate cabin waste and work with destination airports to improve waste management and recycling

Award-winning activity in Schiphol airport in Amsterdam has generated 8.5 tonnes of segregated waste in 2016.



#### We will reduce carbon emissions per cruise passenger night by 10%

In 2016, carbon emissions per cruise passenger night were 110kg CO<sub>2</sub>, a 4.1% reduction compared with 2015 (114kg).

#### All TUI cruise ships will be ISO14001 certified

In 2016, 14 cruise ships out of 14 were ISO 14001 certified (100% of our ships).

#### Our cruise operations will make improvements in water consumption, waste management, and sulphur and nitrogen emissions

TUI Cruises reduced sulphur by 24.8%, nitrogen by 20.1% and water by 2.4% per guest night.



#### We will reduce carbon emissions from our offices, retail shops and brochures by 20%

Carbon emissions from 50 major offices totalled 20,085 tonnes of CO<sub>2</sub>; 1,600 retail shops generated 9,676 tonnes of CO<sub>2</sub> and 5,984 tonnes of CO<sub>2</sub> resulted from brochure production. This is a 5.2% reduction against the 2015 baseline.

#### Our hotels will reduce carbon emissions per guest night by 10%

In 2016, average carbon emissions per guest night from TUI Hotels & Resorts was 9.5kg of CO<sub>2</sub>, a 4.0% reduction compared with 2015.

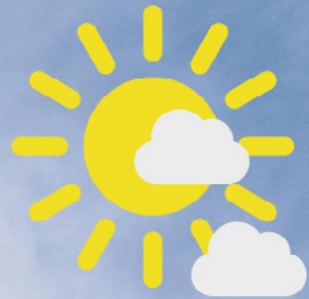
#### Our ground transport fleet will reduce carbon emissions per passenger kilometre by 10%

In 2016, carbon emissions from our coach transport companies were on average 28.3g of CO<sub>2</sub> per passenger kilometre, a 6.1% increase compared with 2015.

# AVIATION

COMMITMENT BY 2020

We will drive environmental improvements across our aviation operations



DID YOU KNOW?

**TUI Airlines up to 30% more efficient than the industry norm**

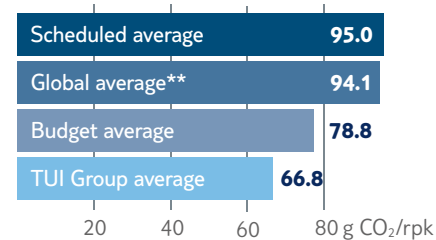
## TUI AIRLINES - CARBON INTENSITY

		2015/16	2014/15	g CO <sub>2</sub> e/rpk	g CO <sub>2</sub> e/rpk**
TUI Airline fleet	g CO <sub>2</sub> /rpk	66.8	66.0	+1.2	67.5
Corsair International	g CO <sub>2</sub> /rpk	82.4	79.8	+3.3	83.2
Thomson Airways	g CO <sub>2</sub> /rpk	63.8	63.7	+0.2	64.4
TUI fly Belgium	g CO <sub>2</sub> /rpk	71.4	69.6	+2.6	72.1
TUI fly Germany	g CO <sub>2</sub> /rpk	64.4	63.4	+1.6	65.0
TUI fly Netherlands	g CO <sub>2</sub> /rpk	64.1	63.8	+0.5	64.7
TUI fly Nordic	g CO <sub>2</sub> /rpk	61.4	60.6	+1.3	62.0

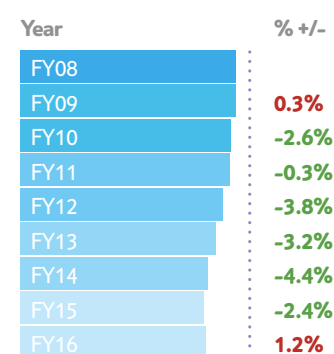
\* rpk = Revenue Passenger Kilometre

TUI Airlines comprise Europe's 7th largest fleet, with about 140 aircraft across five tour operator airlines serving about 13 million holiday customers each year. We also operate Corsair, a scheduled airline. On average TUI Airlines carbon intensity is about 30% less than the industry norm.

### TUI AIRLINES' CARBON EFFICIENCY VERSUS THE LARGEST AIRLINES IN EUROPE\*



### TUI GROUP AIRLINE CARBON EFFICIENCY FY08 TO FY16



More than 80% of TUI's carbon footprint is from our aircraft and so activity among our airlines is a primary focus for our 'Step Lightly' activity. Following several years of improved CO<sub>2</sub> efficiency, 2016 saw the first year-on-year efficiency loss in TUI airlines since 2008: an average of 66.8g CO<sub>2</sub> per passenger kilometre in 2016 versus 66g CO<sub>2</sub> per passenger kilometre in 2015. There were a number of reasons for this decline, including significant and unexpected re-planning of passenger routes away from Turkey and Egypt to Western Mediterranean routes. However, against the baseline year for our Better Holidays, Better World strategy 2015-2020 our carbon efficiency performance still showed an improvement. TUI Airlines' comparative performance was recognised in November 2016 by the independent climate protection organisation atmosfair, which ranked TUI fly Germany and Thomson Airways as the world's most carbon-efficient charter airlines.

**TUI fly Germany and Thomson Airways ranked #1 and #2 most efficient charter airline in the 2016 global atmosfair index**

## STATE-OF-THE-ART AIRCRAFT

We operate a modern fleet with an average age of less than eight years. In September 2016, TUI committed to buying 11 new aircraft to ensure our fleet remains modern and efficient. This includes 10 new Boeing 737 MAXs incorporating the latest technology such as CFM International LEAP-1B engines, advanced technology winglets and other improvements to deliver the highest efficiency and reliability on the market.



**The new aircraft will deliver 20 percent lower fuel use and 20 percent fewer emissions than the aircraft they replace.**

\*Data from the four largest budget and four largest scheduled airlines in Europe based on passenger numbers. Latest publicly available data, January 2017.

\*\*Global airlines emissions metrics, taking an average of UK short & long haul and non-UK international operations (UK Government).



TUI was also the first European airline to take receipt of the Boeing 787 Dreamliner back in 2011; we now have 14 B787s in the fleet and will have 17 by 2019. The B787s are scheduled to deliver 20% lower fuel use and emissions than the aircraft they replace.

## NEW TECHNOLOGIES TO DRIVE EFFICIENCY

Many modern technologies can also be 'retrofitted' to existing aircraft and we continue to make changes to our fleet, such as introducing winglets where possible. At TUI fly Belgium we operate our own design team of professionals, who are licensed by the airline manufacturers to carry out changes to our aircraft. This means we can make improvements faster: in the past year, for example, TUI fly Belgium made modifications to the underside of Embraer aircraft, applying air inlets and new wheel fairings to make them more aerodynamic.

As well as changes to the aircraft itself, technology plays an important role in how flights operate and in crew administration. For example, **tablets and smartphones are now used on-board for flight inventory**, crew sign-in, on-board sales and a range of other activities that were previously paper-based.

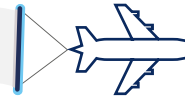
Please turn to our 'Lead the Way' section to read more about our continued investment in new technologies in aviation.

## RESPONSIBLE SOURCING

Changing how we buy things and working with our suppliers to improve sustainability practices is a powerful way for TUI to make a real difference right along the value chain. A survey on responsible sourcing was conducted in 2016 across all TUI airlines. A number of locally-sourced products are already available – for example, honey from a producer in Ostende is offered on TUI Benelux flights.

The aim of the survey was to see what is currently in place, set clear guidance and targets on responsibly-sourced products, and more accurately report back on performance. Our Group Environment and Fuel Manager will be working further on this with a team of international graduates and supplier management, procurement and in-flight retail teams in 2017.

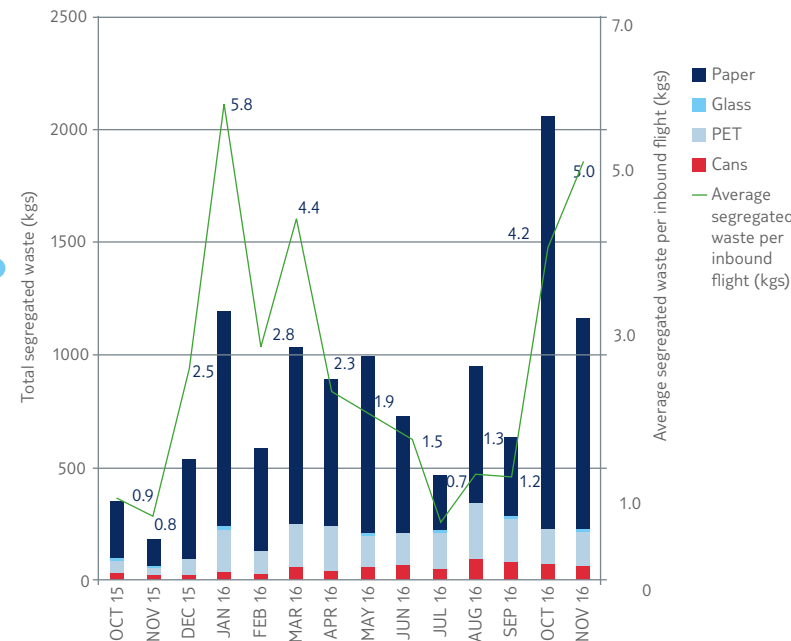
ALL FIVE TOUR OPERATOR AIRLINES  
HAVE ACHIEVED ISO 14001 CERTIFICATION



## WASTE AT AIRPORTS

Reducing waste from flights is currently limited by infrastructure constraints. While airlines can collect and segregate waste on board aircraft, without proper recycling facilities at source or destination airports everything goes back into general waste. To tackle this, TUI Netherlands has worked with Schiphol airport – one of Europe's busiest – and partners Suez and Kluh to build a waste facility. Completed in July 2015, the facility allows recyclable waste from TUI aircraft to be segregated into four streams (paper, glass, cans and plastics). By July 2016, 8.5 tonnes of waste had been sorted at the facility. The TUI Netherlands team is now looking to repeat this success at Eindhoven and Brussels airports. There are even proposals to use products produced from the 'waste' – such as fleece blankets – on board our flights.

### SEGREGATED WASTE ON INBOUND FLIGHTS TO AMSTERDAM



## ISO 14001 AND EMAS

In 2009, TUI fly Nordic was the first charter airline to achieve ISO 14001 certification, and now all five of our tour operator airlines have been certified to the global environmental management standard. TUI fly Germany has also aligned its 28 aircraft with the European EMAS standard. EMAS involves rigorous measurement and evaluation of environmental performance, requiring ongoing data collection throughout the year as well as external publication of data.

**Magdalena Golebiewska**  
Group Environment and  
Fuel Manager, TUI Airlines

## Tell us a little bit about yourself

I'm Polish but I have lived in the UK since 2005. Before my current role, I worked at Thomson Airways for more than two years as the Airline Environment Manager. I studied environmental protection and environmental management in Poland and in the UK. Our business took the decision in 2016 to create the One Aviation platform with the vision that using a single platform would help our four airlines achieve greater efficiencies and share best practice. My role within One Aviation is developing strategic thinking on fuel and environment across the airlines and keeping in touch with industry developments and best practice in the field.

## What are some of the most interesting things you work on?

My role includes bringing people together internally to continually improve our environmental performance. I also get to engage with some of the key organisations shaping sustainable aviation, including various airport authorities and aviation service providers. For example, I lead the Waste & Recycling Working Group for UK Aviation Industry's Sustainable Aviation initiative and roles like this help me continually push myself – and the business – further.

## What sustainability initiative are you most proud of?

That's hard to say! Working with Boeing on our ecoDemonstrator initiative to test new aircraft technologies was exciting because you get to look into the future and see the innovations that are coming. But at the other end of the scale I've worked with engineering colleagues at our Luton hangar on a waste segregation improvement programme. That initiative has grown to sorting eight waste streams from papers and plastics down to different metals and even nuts and bolts. It shows what is possible in every area of our business.

Watch a video about the ecoDemonstrator here ([www.youtube.com](http://www.youtube.com)).



# CRUISE

COMMITMENT BY 2020

We will drive environmental improvements across cruise operations



DID YOU KNOW?

**100% of our ships are ISO 14001 certified**



## BREAKDOWN OF TUI GROUP'S CARBON FOOTPRINT IN FY2016

Carbon dioxide emissions (CO <sub>2</sub> ) tonnes	2015 / 2016
Airlines & aviation	5,842,427
Hotels & resorts	510,719
Cruises	686,791
Major premises & shops	32,617
Ground transport	17,751
Scope 3 (other)	71,713
Group	7,162,018



TUI Group operates 14 cruise ships across three brands – TUI Cruises, Hapag-Lloyd Cruises and Thomson Cruises. In the past year we have made great strides with energy efficiency across our cruise business, achieving a 4.1% reduction in CO<sub>2</sub> emissions per passenger night. These savings are thanks to a continuous programme of refits to existing ships as well as our investment in newer vessels with the best available environmental technologies.

### LAUNCH OF MEIN SCHIFF 5

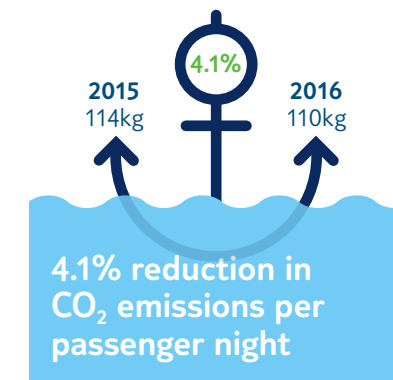
In July 2016, Mein Schiff 5 went into service for TUI Cruises as one of the most energy-efficient, low-emission ships in the world. Three further vessels are in the pipeline for launch in 2017, 2018 and 2019.

### SCRUBBERS

One of the most significant environmental technologies on board Mein Schiff 5 is the exhaust gas treatment system, also known as 'scrubber technology'. The hybrid scrubbers from TUI Cruises make it possible to operate temporarily in a completely closed-loop system with all effluents and residues kept inside the ship, meaning there is zero discharge. Ships operating open-loop systems

release their treated wash water into the sea.

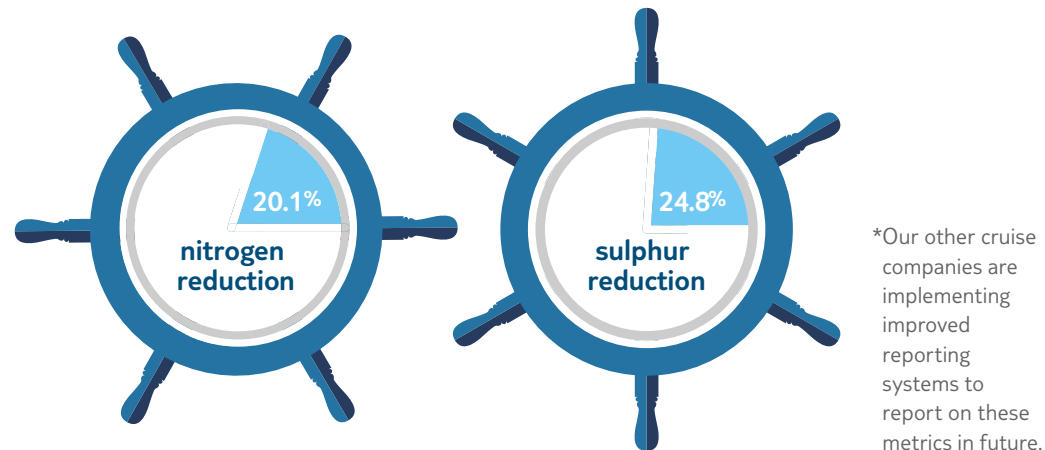
In most areas, such as ports and coastal and river zones, we are required to operate closed loop, but TUI Cruises is the only cruise company currently using zero-discharge operating mode in areas where this is not legally required. For example, in the summer of 2016 we ran closed-loop continuously for nearly three months in the Baltic due to its sensitive ecosystem, generating zero discharge from the hybrid scrubber. Since 2014 with its first new build, TUI Cruises has exceeded 2020 regulatory requirements, making TUI Cruises among the cleanest cruise fleet worldwide. By operating our scrubbers around the clock, TUI Cruises goes much further than the global sulphur limit of 3.5% in fuel: emissions from our new ships are below 0.1% sulphur. In 2020, the global cap will fall to 0.5% sulphur – still significantly higher than our newly built ships are achieving today.





## ENVIRONMENTAL IMPROVEMENTS ACROSS OUR CRUISE OPERATIONS

### TUI Cruises reductions per guest per night (compared with 2015)



### HAPAG-LLOYD CRUISES ADD TO THEIR FLEET

Hapag-Lloyd Cruises has ordered two new ships for 2019. These will be built between shipyards in Norway and Romania and come equipped with state-of-the-art environmental technology. With PC6, the highest Polar Class designation for passenger ships, they will be able to cruise in polar regions in the Arctic and Antarctica, as well as warm water destinations such as the Amazon. Most onboard zodiacs are equipped with Torqeedo electric motors to reduce air and noise emissions while allowing landings in otherwise inaccessible expedition areas.

In addition to benefiting from the new technology that comes with modern vessels, Hapag-Lloyd Cruises is upgrading its existing fleet. On MV Bremen we have made improvements enabling the bow thrusters and stabilisers to operate with environmentally friendly bio-oil. A ballast water treatment plant has been installed to prevent harmful micro-organisms from being discharged into the seawater. We have also started maintaining propeller shafts using seawater as a lubricant rather than oil, a practice unique in the cruise industry.

### OPERATING IN REMOTE AND SENSITIVE LOCATIONS

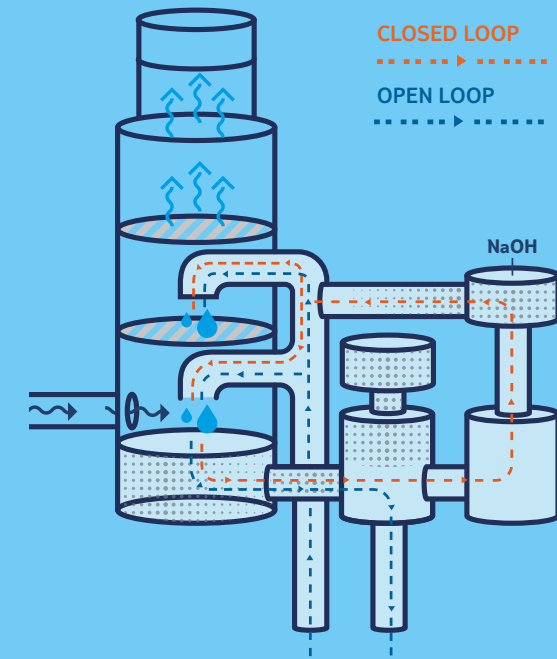
From the Amazon to the Arctic, Hapag-Lloyd Cruises helps its customers discover some of the most remote and dramatic landscapes in the world. Visiting such locations carries particular responsibilities. In the Arctic, Antarctic and Kamchatka we are using diesel oil in place of heavy fuel oil and calculate our itineraries based on speeds most likely to reduce fuel consumption and emissions. Our excursions are designed to respect local flora and fauna and draw attention to their ongoing conservation. In addition, our guests have the option of offsetting the CO<sub>2</sub> emissions from their sea passage with Hapag-Lloyd Cruises, in which case we cover 25% of the cost.

### CERTIFICATION TO ISO 14001

All five TUI Cruises vessels (Mein Schiff 1, 2, 3, 4 and 5) have ISO 14001 and 9001 certification. Hapag-Lloyd Cruises engages Columbia Cruise Services as its ship management contractor and its ISO 14001 certification covers the fleet of four Hapag-Lloyd vessels. All five Thomson cruise vessels (Thomson Dream, Thomson Celebration, Thomson Majesty, Thomson Spirit and TUI Discovery) are also certified, meaning our full cruise fleet is 100% aligned to the global standard.

## Our Scrubber Technology

Hybrid scrubbers make it possible to operate in a completely closed-loop system – all effluents and residues are kept inside the ship, resulting in zero discharge. Ships operating open-loop systems release their treated wash water into the sea.



DID YOU KNOW?

Our excursions are designed not just to respect local flora and fauna but to draw attention to their ongoing conservation



# GROUND OPERATIONS

COMMITMENT BY 2020

We will drive environmental improvements across our ground operations

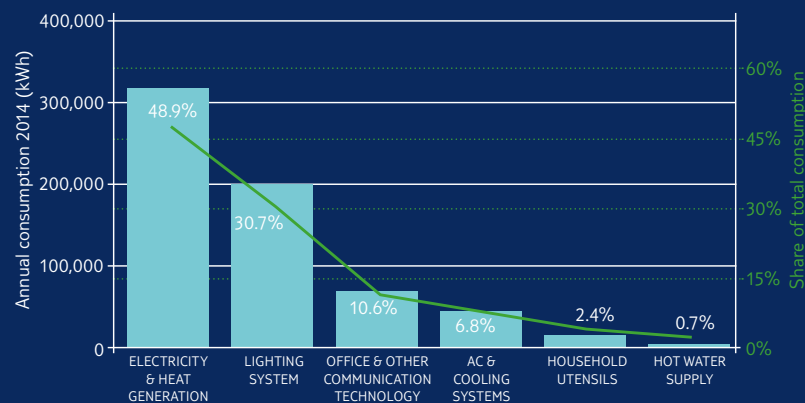


DID YOU KNOW?

**€67 million saved through environmental efficiencies since 2012**

\* an approximate figure for savings that have been tracked, gross of any upfront investments required, part of previously identified cost savings.

## MAIN DRIVERS OF ENERGY CONSUMPTION IN TRAVEL AGENCIES



\*from German Travel Agencies EED results



TUI's ground operations make up 9% of our total carbon footprint and consist of major office premises, hotels, retail shops and transport vehicles. We have about 50 major offices (those containing 100 people or more) located across Europe and beyond. Our retail portfolio consists of more than 1,600 shops in 11 source markets. With more than 1,000 shops between them, the UK and Germany are our largest source markets. Our ground transport operations sit within the Destination Services division and in 2016 included four companies – Ultramar (Spain), Tantur (Turkey), Aeolos (Cyprus) and SMDTT (Morocco). Hotelbeds was sold in 2016 and so will not be included in reporting going forward. As with aviation, the knock-on effect of a mid-season shift in customer demand from

East to West Mediterranean destinations meant that emissions efficiency from transport was adversely effected – 28.3g of CO<sub>2</sub> per passenger kilometre, which was a 6.1% increase on 2015.



## SIMPLE STEPS

Sometimes the simplest operational practices can have the biggest impact. For example, training of colleagues driving our coaches includes instructions to park vehicles facing into the sun rather than side-on. As a result, the heat impact on the vehicle is reduced by about 15-20%. In destinations where the heat climbs to over 35°C, the maximum vehicle standing running time is 30 minutes. These small differences make our customers more comfortable as well as reducing environmental impact.

## MAKING TRAINING DIGITAL

There are many other examples of small changes that make the way we operate more sustainable. Destination Services has in the past year developed a new game to supplement team training on sustainability issues. Rather than adding to paper-based training materials, the game is downloaded and navigated using a smartphone or tablet. Read more about the game in the Training section of our 'Care More' pillar.

## ENERGY REDUCTION IN RETAIL

TUI UK announced in July 2016 that by 2020 it will completely remove brochures from its retail experience. In place of brochures TUI UK will provide an enhanced digital experience at every customer touchpoint. It will include technology that recognises a customer as they enter a store, digital screens and mobile technology to help customers search seamlessly for their perfect holiday and free in-store customer wi-fi.

In Germany an audit of energy consumption in stores was carried out with data showing that heat, electricity and lighting are by far the biggest consumers, thus efficiency activities to further reduce consumption will be developed in 2017.

## ENERGY MANAGEMENT SYSTEMS

As a global provider of systems and software to manage utility data, EnerNoc will help us take the data from our utilities further. Built-in benchmarking and target setting gives us the opportunity to drive efficiency savings. TUI's 600 UK stores will be the first to deploy EnerNoc methodology at retail. While still in the early stages, our use of EnerNoc provides an opportunity for steady consumption reductions.

## GROUND OPERATIONS

## CARBON FOOTPRINT



81.6%

Airlines & aviation



9.6%

Cruises



7.1%

Hotels & Resorts\*



0.5%

Major premises & shops



0.2%

Ground transport



1.0%

Scope 3 (other)

\*Hotels covered in Make a Difference section



## DID YOU KNOW?

**Sustainability training on resorts is delivered through a smartphone and tablet-based game**







**make**  
a difference



**CREATING  
POSITIVE  
CHANGE**

*7ª, TF, 672, 91*



# We will deliver 10 million greener and fairer holidays a year by 2020, enabling more local people to share in the benefits of tourism

PROGRESS AGAINST  
2020 COMMITMENTS



//  
The key to this success  
is our relationship with  
our suppliers."

Garry Wilson, Managing Director  
Product and Purchasing



## HIGHLIGHTS

6.3 million 'greener and fairer' holidays in 2016 (in hotels with sustainability certification)

1,170 hotels certified to a Global Sustainable Tourism Council recognised certification standard

846,000 TUI collection excursions with sustainability at their heart

77% of TUI Group owned hotels had sustainability certifications

## OUR IMPACT

20 million customers | 67,000 employees | 180 destinations | >300 group-owned/managed hotels | 214,000 beds

## KPIs AND PROGRESS IN 2016

### All hotels in our tourism business portfolio will subscribe to credible sustainability certifications

We have delivered 6.3 million 'greener and fairer' holidays and have the equivalent of 1,170 hotels certified to a Global Sustainable Tourism Council standard. TUI has also included a sustainability component in contracts with all accommodation suppliers outlining minimum expectations and the requirement to work towards credible sustainable certification.

### We will develop and roll out the TUI EcoResort standard to drive exemplary sustainability performance

Our EcoResort hotels continue to be leaders. Going forward will review the programme and find fresh ways to evolve the concept.

### We will develop a support forum for hotels to share sustainability learnings and drive improvements

We continue with our programme of road shows to help hotels approach the certification process – in 2016 there were three road shows. We also provide specific consultancy support on certification to hotels where appropriate.

Our online data collection from our owned and concept hotels provides more detailed feedback for hotels submitting data.

### Our hotels will include innovative environmental features, invest in skills training for staff, develop local skills and favour local sustainable procurement

In 2016, 54% of employees in owned and concept hotels were receiving vocational training and there were 3,600 apprenticeships in place.

Also, in 2016 90% of employees were nationals of the country and 79% of food was from within the country.

Average carbon emissions per guest night at TUI Hotels & Resorts and International Concepts was 10.1kg of CO<sub>2</sub>, energy consumption per guest night was 27.9 kWh and fresh water use 478 litres per guest night.

### We will communicate about sustainability throughout the customer journey

- TUI UK in consultation with the wider TUI Group developed a Customer Communications Toolkit to be rolled out in 2017.
- TUI Netherlands launched a fresh and well-received range of 'in-room' customer communications.
- A customer-facing video on sustainability at TUI was commissioned in 2016 for launch in 2017.

- Customer research into sustainability was carried out in 2016 and will provide market-leading analysis on this theme.

### Our colleagues will be ambassadors of sustainability

In our TUIgether employee survey across all TUI employees, a score of 75 against benchmarks for colleagues view of TUI as an environmentally responsible company puts us in the 'high performer' category.

### Our destination management companies and excursions will meet our sustainability standards

Our customers went on 846,000 TUI Collection excursions in 2016, up 30% on 2015. There are 170 TUI Collection excursions in 41 destinations. These excursions are selected against unique, local and sustainability criteria.

TUI has also included a sustainability component to our contract with all destination management companies outlining TUI's minimum standards of sustainability expected in relation to the provision and operation of transportation, excursions and destination handling services for TUI's customers and destination operations.

# CUSTOMERS

COMMITMENT BY 2020

We will help customers and colleagues to create positive change

DID YOU KNOW?

**"55% of customers would book more sustainable holidays if they were more readily available"**



## PAST

Working for over 25 years to improve the social and environmental credentials of our business

betterholidays  
betterworld

## PRESENT

Defining a clear sustainability programme, Better Holidays, Better World, with clear 2020 goals to lead in our sector

• INVEST €10 MILLION PER YEAR ENHANCE THE POSITIVE IMPACTS OF TOURISM

• OPERATE EUROPE'S MOST CARBON-EFFICIENT AIRLINES

• DELIVER 10 MILLION GREENER AND FAIRER HOLIDAYS

• ACHIEVE A COLLEAGUE ENGAGEMENT SCORE OF OVER 80



## FUTURE

Embed 'better business' storytelling and experiences into our brand



## CUSTOMER RESEARCH ON SUSTAINABILITY ACROSS TUI MARKETS

Better understanding how we can better engage people in sustainability is a priority for TUI and will be key in our progress with Better Holidays, Better World. This is the reason that in late 2016 TUI undertook its largest piece of research to date on customer attitudes and interest relating to sustainability.

More than 3,800 people in six countries took part in a detailed survey of attitudes and perceptions regarding sustainability, 'green' hotels, sustainability labelling and the TUI Care Foundation. Notable feedback to emerge included:

- desire for help in making sustainable choices with better signposting at point-of-booking
- a pronounced enthusiasm for the work of TUI Care Foundation and strong confidence that the funds are invested in worthwhile causes
- high expectations of TUI's responsibility to drive global standards in animal welfare in excursion venues.

The research will inform how we communicate and engage with people on sustainability going forward. We have also developed a 'toolkit' for marketing colleagues with detailed guidance on using sustainability in communications. To engage better with people on sustainability we want to make sure all communications maintain a credible, relevant and authentic standard. During 2017 that toolkit will be adapted to ensure a local fit in source markets.

## BETTER WORLD DETECTIVES

Better World Detectives goes from strength to strength, with more than 700 schools downloading our materials in the past year. The programme looks to engage 7-11 year olds in how to live and travel in a sustainable way.

In addition to existing materials, 2017 will see a new competition for children to produce advertising materials on how adults should travel more sustainably. TUI UK has committed to showcase the winning work to customers and runners up will have the opportunity to adopt and follow a GPS-tagged turtle.



## ACCESSIBILITY

As a business we want to make sure our customers are able to make the most of the facilities, excursions and experiences on offer. In 2016 we looked into how we could co-ordinate and scale up activities and best practices from our accessibility working groups across the Group. To help us we engaged with Whizz Kids in the UK, one of our 2017 charitable partners, who are well-positioned to help us develop our practices in this important area. Also in 2017 the decision was taken to recruit a specialist to support the business specifically on accessibility issues.

## GREEN FRIDAY

Green Friday took place on 9th December 2016 and was an initiative designed to be transparent, informative and to raise awareness. The idea is to have a single day where the priority focus is on 'greener and fairer' holiday options and how customers can make more sustainable choices when booking. For 24 hours, the Green Friday campaign was showcased on the TUI Nordic page in Denmark, Sweden and Norway with specially-designed infographics explaining how customer choices make a difference and how to take the

more sustainable holiday option. For example, icons were used to show if a hotel has sustainability certification and during the campaign a couple of hotels were profiled for their really innovative approaches. At TUI Family Life Pascha Bay hotel, for example, kitchen oil is used to power lawn mowers to keep the grounds beautiful, while at our TUI Family Life Aegean Park hotel in Greece boreholes have been dug to raise cold groundwater to the surface to keep buildings cool. Hourly social media updates were also used to share sustainability facts and highlights.

The Green Friday team was motivated by a desire to make sustainable choices easier for customers. Following the campaign's success, Green Friday will be repeated in 2017, with TUI inviting all tour operators to join the initiative and help the industry go further, faster, in guiding customers towards sustainable choices.



## DISABILITY SNOWSPORT UK

Crystal Ski, our ski holiday operator in the UK, has been partnering since 2010 with Disability Snowsport UK, the UK's leading charity providing access to adaptive skiing and snowboarding for people with disabilities. Since then we have fundraised on their behalf with our customers and colleagues, and in 2016 raised €68,500 to add to the £320,000 previously raised. We have also provided support with TUI employee volunteers accompanying their disabled guests on ski trips to the French Alps. One of these volunteers was Tom Johnston, Sustainability Manager for Products & Purchasing and he tells us below a little more about the trip.

## How long have you worked at TUI?

I have been at TUI for six years. I first joined on the International Management graduate programme.

## What did you know about Disability Snowsport before volunteering?

I was aware of the long-standing relationship between TUI's Crystal Ski business and DSUK and that about 30 TUI employees supported that partnership each year through volunteering. DSUK started with activity weeks for individuals with cerebral palsy and has grown to include all disabilities and learning difficulties, as well as feeder programmes for Paralympics squads and snow sport development programmes.

As part of the training, I was able to learn more about the organisation and its amazing ethos - as long as you can move your head, you can ski down a mountain! There are no age limits: anyone from age 5 to 90 is welcome.

## What was the volunteering experience like?

It was very rewarding but also challenging. The individuals on the trip are from different backgrounds and there is a wide range of disabilities among those on the trip. The day is set up so that helpers provide support both on and off the mountain; aiding the skier and the instructor during tailored ski lessons and ensuring the safety, welfare and enjoyment of skiers when back in the hotel and around town. A typical day would involve me waking up and ensuring those skiing in the morning were awake, dressed and prepared for skiing, had eaten and taken any necessary medication, and accompanying skiers to start their lessons. We would all meet for lunch and dinner as a group, which provided a great sense of a group holiday and all skiers, instructors and helpers had a fantastic week in Austria. Volunteering with DSUK is something I'd do again without hesitation, as I feel I helped an amazing group of people make the most of their week of skiing, while learning a lot about myself personally and making great friends in the process!



# HOTELS

COMMITMENT BY 2020

We will work with hotel suppliers to increase their positive impact on the local community and to protect the environment



GLOBAL SUSTAINABLE  
TOURISM COUNCIL

1,170 hotels certified  
to a Global Sustainable  
Tourism Council  
recognised certification  
standard



Hotels must be  
taking action on:



**Environmental  
issues**



**Social  
issues**

to achieve certification



TUI Group owns/manages more than 300 hotels and partners closely with about 200 'concept' hotels. Customers would recognise these hotels as Sensatori, Sensimar, TUI Blue, Robinson, RIU, TUI Magic Life, and Family Life. We also work with thousands of accommodation suppliers in the 180 destinations to which our 12 million tour operator customers travel each year.

## CERTIFICATION

Certification is central to our commitment to offer 'greener and fairer' holidays. It is a credible way of showing whether our hotels go further than others when it comes to social and environmental issues. We encourage our hotels to aim for certification that is GSTC (Global Sustainable Tourism Council)-recognised or approved, and we are strong supporters of the certification programme Travelife.


In 2016 the number of certified establishments grew by 23% and now stands at 1,170 hotels. The number of 'greener and fairer' holidays taken by customers in 2016 climbed to 6.3 million – an increase of 12.5% on last year (5.6m).

With support from the Travelife team, we continue to encourage more hotels to move towards certification. In 2016, there were three road shows (Limassol, Paphos, and Montenegro) to help hotels

understand what certification entails and how to meet the challenge.

TUI's Product & Purchasing Team also worked on a 'Green Tracker' programme, which supports hotels with practical guidance through the Travelife certification process. This online tool was piloted at three hotels in 2016: one achieved Travelife Gold immediately upon audit completion and the remaining two required minor improvements to achieve Gold level. A full review of the pilot is currently underway, taking in feedback from hotels involved in the trial as well as other stakeholders, with a view to updating and amending the tool for wider roll-out.

To read about the work of our International Management graduates on the commercial benefits of Travelife certification to our hotels, refer to the 'Lead the Way' section of this report.

.....  
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IN-HOUSE HOTEL SCHOOLS

For a number of years our Robinson Clubs have held in-house apprenticeship programmes in Morocco, Turkey and Greece, with training delivered by Robinson Managers. This is over and above the apprentices we take from state-run initiatives in those countries. In Greece, Robinson Club Daidalos in Kos is a partner of the Mentoring Dual International (MENDI) project, which provides high-quality apprenticeships for hotel clerks, serving staff and chefs. Since 2013, more than 200 training places have been offered and in 2016 a further 17 apprentices joined that alumni group. Funding will continue in 2017. In Robinson Club Agadir, 92 students were trained in 2016, adding to the 600 who have been through the programme since 2008. Across the five Robinson Club Hotels in Turkey, a further 58 were in training in 2016. Since 2003, 363 local alumni have successfully been employed as reception, bar and chef staff.

ROBINSON RESORTS LEADING THE PROGRAMME

Robinson resort	Trained in 2016	Total number of graduates from Hotel School
Club Daidalos	17	217
Club Agadir	92	692
Club Pamfilya	58	363

TUI GOLD AWARDS AND UMWELT CHAMPION PROGRAMME

Across our source markets there are a variety of ways in which we seek to give profile to the hotels which are making significant strides in sustainability. In Germany the long-established Umwelt Champion programme recognised 202 hotels for achieving certification to a recognised sustainability standard and meeting high customer satisfaction scores. And each year TUI UK and TUI Nordic celebrate the work of its hoteliers with its Annual Gold Awards. There are 18 categories overall, including a category for sustainability. This year the winning entry was Conca Park Hotel in Sorrento, which has a range of sustainability initiatives largely focused on reducing waste. By involving its producers, suppliers, staff and guests, Conca Park has set an ambitious target to be waste-neutral by 2020 and leads the way with its commitment to the highest sustainability standards.

Every year since 1996, TUI Deutschland has been awarding hotels that work particularly hard to protect the environment and exercise their social responsibility. To participate, hotels must hold a valid Sustainability Certificate recognised by the Global Sustainable Tourism Council (GSTC). The assessment additionally takes account of what guests say about the hotel’s environmental performance. 202 hotels were awarded TUI Umwelt Champion status in 2016.

SUSTAINABILITY IN NEW-BUILD HOTELS

On the previously uninhabited island of Orivaru, 750 workers are busy building the second Robinson Club in the Maldives. Energy efficiency is a pivotal element of the design and the innovative heat-recovery system and new air conditioning technology will cut consumption as well as costs. Operational sustainability will be enhanced by high-standard sewage treatment and an in-house unit to turn seawater into drinking water. It is estimated that the operational cost of running the hotel will be reduced by 35% thanks to the technologies being implemented.

In Europe a project got underway in 2016 to further regenerate the historic Tuscan estate of Castelfalfi keeping as much of the original architecture as possible while introducing modern systems and technologies. The resort has installed a biomass plant, which will consume about 3.5 tonnes of biomass each year from the hotel and its grounds and is expected to reduce fuel requirements by 95%, making the resort practically self-sufficient with only a small reserve of fuel kept for emergencies. The doors to Il Castelfalfi by TUI Blue open in March 2017.

Along with consultants MACE and the Travel Foundation, TUI’s Product & Purchasing team also carried out a full review of two reconstructed and refurbished units in Croatia. The aim was to understand how environmental and social sustainability considerations can be incorporated during planning, design, build and launch phases of refurbishment and new-build projects as well as ongoing operations. The work identified best practices to share with other accommodation partners and highlighted areas for improvement in all future new-build or refurbishment projects. Work is ongoing to create a framework around these considerations to guide our internal teams and external partners in future builds.



Biomass plant – Il Castelfalfi



Water desalination – Club Robinson, Maldives



# DESTINATIONS







COMMITMENT BY 2020

Our destination management companies and excursions will meet our sustainability standards

DID YOU KNOW?

We've delivered 846,000 TUI Collection excursions with sustainability at their heart

## ACROSS ALL COUNTRIES LOCAL FOOD AND SEASONAL & SUSTAINABLE PRODUCTS ARE BY FAR THE MOST SIGNIFICANT FOOD TRENDS

%							
Local authentic food	73	72	82	72	66	68	80
Made with seasonal & sustainable products	68	65	79	68	55	66	77
A grab and go station at the hotel	45	49	54	53	37	26	48
Food truck/street food	34	40	36	32	29	24	44
Special kids' food	34	36	35	34	27	28	42
DIY barbecue	33	37	36	31	33	28	36
Alternative cereals instead of wheat & rye	32	36	31	33	25	28	40
Food from the home country	32	42	31	31	22	14	52
Cooking classes	25	28	26	20	22	19	34

■ Top 2 most significant food trends per market



At the heart of the Better Holidays, Better World strategy is the desire to build thriving destinations. From the food our customers eat to the excursions they take and the people who serve them, we endeavour through our Destination Services team to make the experience a sustainable one that allows more local people to benefit from tourism. Research conducted in the last quarter of 2016 showed that across all markets the two strongest food trends among our guests were the desire for authentic local food and food made with seasonal and sustainable ingredients.

### TUI COLLECTION EXCURSIONS

We know from our work with The Travel Foundation and PwC in 2015 (<http://www.thetravelfoundation.org.uk/casestudy/measuring-tourisms-impact/>) that tourists' discretionary spending has a significant local impact and successful excursions

	FY16	FY15
% of employees who are nationals	90%	89%
% of employees from the local region	62%	60%
% of food that is country-sourced	79%	81%
% of food that is sourced from the local region	48%	50%

\*information provided by through TUI Brand Insights from approx. 300 owned, controlled and concept hotels



really do help generate thriving destinations. In the last year 846,000 customers chose TUI Collection excursions.

This represents 20% of all excursions sold by TUI Destination Services and a huge 30% year-on-year growth in customers choosing excursions with a sustainability component, demonstrating a clear customer interest in sustainability within destination communities.

TUI Collection excursions showcase the value of activities that are local, responsible and unique. A new addition to the programme in 2017 will be the 'Pirates of...' programme, where children have the opportunity to become a pirate at the destination they are visiting and participate in swashbuckling adventures and treasure hunting activities which introduce themes of recycling, clean oceans and biodiversity.

### ANIMAL WELFARE

Excursions that allow people to see and experience animals remain very popular with our customers. Recent customer research we commissioned showed that about 70% of customers wanted the option of excursions to animal attractions. A further 60% said they would only feel that way if those attractions met global animal welfare standards.

We follow closely the latest research and findings on what is acceptable and comfortable for the animals involved. As a result we have now stopped all attractions involving elephant rides or shows. We also work closely with our industry peers to continually improve our insights and audit suppliers against established sector guidelines agreed in 2013.

All suppliers of listed TUI excursions featuring animals must comply with the ABTA guidelines (Global Animal Welfare Guidance for Animals in Tourism) and are audited against these. In 2016, third party audits of 37 of animal attractions featured by TUI were conducted by independent auditors and we plan to review another 100 in 2017.

### INSPIRING CHILDREN IN DESTINATIONS

TUI Netherlands has traditionally engaged with children in destination communities who have a vested interest in the sustainable development of those locales. With the support of partner GreenKidz, TUI NL established children's councils

in Curaçao, engaging them and other local stakeholders in making the destination a better place to live. Based on that experience, TUI NL is seeking to go further by introducing local children to the children of our guests. We believe local children are well placed to share the story of their home region and advise other visiting children on how best to spend their time there. This electronic link between host and visiting children is under development and, when established, will play a part in growing knowledge and understanding across cultural boundaries.



TUI has worked in close partnership with the Travel Foundation since 2003 and values the organisation's unique ability to support us on the ground and around the world as we implement projects that drive thriving destinations. Some of the initiatives we have continued to work on together in 2016 are outlined below.

### Croatia

Mainstream tourism is growing rapidly in Croatia, accounting for more than one-fifth of annual GDP. To support the sustainable growth of tourism in Croatia, TUI became part of a local stakeholder project that brings together the Travel Foundation, local residents and industry partners in Split-Dalmatia county, where two refurbished four-star hotels have opened for mainstream Western European tourists. To address local stakeholder concerns about the impact of redevelopment, a training programme was run in 2016 to help 20 local businesses benefit from the opportunity. A Project Discovery volunteer participated in this project and further opportunities to align the hotels with local community needs are being explored. We know that our customers expect an authentic experience in the place they are visiting and by collaborating with people in destinations, we work hard to ensure that expectation is met.

### Jamaica

For destinations to thrive as a result of tourism, it is important that visiting guests venture beyond the hotel gate. Since 2012 we have partnered with the Travel Foundation in Jamaica to better understand why some guests resist going out. As well as identifying tourist fear of 'hassle and hustle' in Jamaica, we also found a lack of information in hotels on what to see and do and few quality local products and crafts on offer. Building on a steady stream of successful initiatives, a project outline for future activities including training programmes, development of marketing materials and improved governance of local tourism has been established – and funding secured – for 2017.

### Cape Verde

Employing 38% of the working population and accounting for 40% of GDP, tourism is extremely important to the emerging economy of Cape Verde. With rapid growth, however, comes a challenge to protect the environment, ensure that local businesses and communities can benefit from tourism and help local entrepreneurs and craftspeople to offer authentic excursions and handicrafts to the influx of new guests. As part of a Destination Council, TUI is supporting specific projects relating to water, waste, clean beaches and local crafts.







lead  
the way



# PIONEERING SUSTAINABLE TOURISM



OUR BETTER HOLIDAYS BETTER WORLD  
2015-2020 STRATEGY COMMITMENT

We will invest €10 million per year by 2020, to support good causes and enhance the positive impacts of tourism, using the TUI Care Foundation to support this work

PROGRESS AGAINST  
2020 COMMITMENTS



“Tourism is a key development driver in many countries around the world.”

Thomas Ellerbeck, Member of TUI Group Executive Committee and Chairman of the Board of Trustees, TUI Care Foundation



## HIGHLIGHTS

€6.6 million raised for research and good causes

Supporting 41 projects in 20 locations to date through the TUI Care Foundation

Funds raised for research and good causes up 22% year-on-year

## OUR IMPACT

€10 million project investment target by 2020 | 100% of customer donations to TUI Care Foundation go directly to projects

### KPIs AND PROGRESS IN 2016

#### We will improve our understanding of the impacts of holidays

In the year since the TIMM research – to establish the commercial value of sustainable certification – was published, a group of TUI International Management Graduates has taken the research forward. In 2016 we have also undertaken a risk profiling initiative to help forecast sustainability risks and their impacts as well as potential mitigation in emerging destinations.

#### Our airlines, cruise operations and hotels will pilot new technologies and practices

A range of new technology initiatives is in place across our business:

- a pilot for single-engine taxiing is underway.
- closed-loop testing in our Mein Schiff vessels is increasingly facilitating operations with no disposal of waste wash water except onshore.
- desalination projects in the Maldives and Majorca are enabling both locations to use desalinated purified water in place of plastic water bottles, eliminating on average 400,000 plastic bottles per hotel.

#### We will collaborate on initiatives to scale up sustainable aviation fuels

In the past year TUI has begun work on a sustainable fuels strategy with the objective of identifying opportunities for TUI Airlines to support the development of supply chains for sustainable aviation fuels.

Sign-off has been given to a research centre costing €30,000 and providing 20 local jobs and will be built as part of our AlgaePARC sustainable fuels initiative in Bonaire.

#### We will invest in empowering young people

Funding is now agreed for empowering young people in 2017.

#### We will invest in protecting the natural environment

Funding is now agreed for protecting the natural environment in 2017.

#### We will invest in innovative projects that support thriving destinations

Funding is agreed for supporting thriving destinations in 2017.

# RESEARCH & INNOVATION

COMMITMENT BY 2020

We will innovate for a more sustainable future for tourism, and share our findings with the industry



## POTENTIAL COST SAVING WITH TRAVELIFE PER HOTEL



Based on analysis of TUI's owned and controlled hotels in 2014/15, Travelife certified hotels achieved substantial operational cost savings compared to non-certified units



## EVOLVING THE TIMM RESEARCH – INTERNATIONAL MANAGEMENT GRADUATES

In 2015, TUI undertook a major project in collaboration with PwC and The Travel Foundation. The aim was to determine the measurable impacts – both positive and negative – of tourism on a destination. The result was the TIMM (total impact measurement and management) project, a ground-breaking step forward for the tourism sector.

In 2016 our work to assess the

.....

**TUI Benelux worked with partner ANVR on the carbon management calculator initiative, which won an award for excellence and innovation in tourism.**

.....



commercial benefits of sustainability was expanded with an investigation into the commercial benefits of certifying hotels to the Travelife sustainability standard. Seven members of the TUI International Management graduate cohort of 2016 set up a project to calculate the bottom line benefits of Travelife certification to TUI hotels which had volunteered for audit and already submitted energy and water data.

Through a detailed analysis of over 250 accommodations in more than



20 destinations, analysis suggests that a hotel with a Travelife certification is more likely to achieve more efficient energy consumption management than a non-certified hotel. Research also showed that customer satisfaction scores for 'Accommodation Overall' were higher for Travelife certified hotels than non-certified hotels. As well as improvements in energy and water management processes, the potential return is determined by seasonality, occupancy management and general business improvement policies.

The process of certification is widely believed to tighten up practices and this research confirms there are commercial benefits and business efficiencies to be gained. The analysis will be rerun this year on a wider set of hotels to grow the data set and include a broader, more robust set of indicators such as repeat-booking data, customer satisfaction scores and customer perception of Travelife-certified versus non-certified hotels.

**ROBINSON HOTELS DESALINATION WORK IN MALDIVES AND MAJORCA**

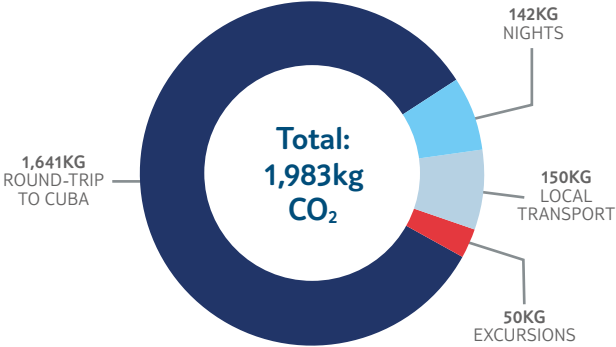
Robinson Club Maldives is committed to sustainable water processing and waste reduction. In 2013 it began producing its own sparkling water. This has eliminated the need to manufacture, transport and dispose of 400,000 plastic bottles a year. The process involves osmosis to desalinate and purify seawater to make drinking water, which is turned into sparkling water by adding minerals and carbonic acid. The sparkling water is then decanted into 7,500 re-usable glass bottles that can be cleaned and refilled onsite.



**CARBON MANAGEMENT CALCULATOR AT TUI BENELUX**

As part of a collaboration with ANVR (the Dutch Tourism Board) and other tour operators, TUI Benelux can provide customer data on the carbon footprint of every roundtrip (for example, a 17-day tour of Sri Lanka) within the Kras hotels portfolio. With data now collected for between 180 and 200 tours, the project team is working on customer communications. The carbon management calculator initiative on which TUI Benelux worked with partner ANVR won an award in the research and technology category of the

**ANVR CARBON CALCULATION EXAMPLE FOR 18 DAY TRIP TO CUBA**



13th Edition of the UNWTO awards for excellence and innovation in tourism as well as the WTTC Tourism4Tomorrow award for Innovation 2016.

**INNOVATION GROUP UK AND SURREY UNIVERSITY COLLABORATION**

The TUI UK business appointed its first head of innovation in July 2016 and has established a dedicated innovation team. This group brings together people from the UK and the wider TUI Group with the goal of developing customer-centred innovations. Early-stage dialogue has begun with the Surrey University School of Hospitality & Tourism and its Digital Research Department. With a range of options on the table – from embedding PhD students within TUI business segments to investigating the potential for virtual reality to replace paper – the scope for collaboration is exciting and far-reaching.

**WORKING WITH WRAP TO IMPROVE WASTE MANAGEMENT ON BOA VISTA**

TUI is working with the specialist waste NGO, WRAP, to reduce the environmental impact of solid waste generated through tourism in Cape Verde, while maximising benefits to the local economy. Tourism to Cape Verde is increasing by about 6% annually, particularly to the islands of Sal and Boa Vista for which tourism is the primary economic activity. According to research, hotels in Sal contribute 60% of the total waste volume, which equals about 30 tonnes per day. Our collaboration with WRAP aims to decrease the volume of solid waste going to landfill from the accommodation sector, improve waste management practices and encourage the public sector to adopt similar practices. We also aim to support new and diversified local livelihood opportunities through waste management and disposal initiatives.

**Meet the TUI International Management graduates**



BETHANY BLACKBURN



LUCIAN BUTAS



DANIELE CASCIARO



STEPHANIE DARVILL



VALÉRIE DE LAAT



ANNA GANTHALER



MAXIMILIAN ORANSKI



## SUSTAINABLE FUELS

In 2016 TUI began developing a sustainable fuels strategy to identify which options we should pursue to ensure high-option value at a sensible cost. The opportunities from sustainable fuels will only be realised if the airline industry joins governments, airport authorities and fuel producers to address the key issue of commercial availability. TUI wants to be part of that dialogue.

- **ENGAGEMENT**

We participate in the Sustainable Aviation Fuel Users Group. As an influential convenor within the sustainable fuels community, SAFUG is an important information exchange and decision-making forum for TUI.

- **RESEARCH**

Extension of the AlgaePARC project in Bonaire. Our aim is to develop an environmentally-friendly technology for microalgae products that also creates diversified economic activities for the island including production of sustainable jet fuel. A research facility, located in unused salt pans, will be built at a cost of €30,000, and employ up to 20 local residents in the research and development sector. With algae growing already underway, the facility will focus on finding the optimum algae-growing environment. As algae can be grown in ponds and tubes in the sea, it does not divert valuable arable land to feedstock production for fuel.



## BESTENZIRKEL DRIVING INNOVATION IN GERMANY

Since 2011, TUI Deutschland has hosted an annual TUI Best Practice Sustainability Circle (called TUI Bestenzirkel) for TUI hoteliers to extend their sustainability knowledge and expertise. In the six years since launch we have had 87 participants (57 hoteliers and 30 TUI reps) and 36 speakers. The network brings together key TUI personnel with sustainability experts from within the travel and tourism world. In 2016 year the focus was 'innovative water systems', with companies presenting a range of technologies, including water management systems to allow waste water from bathrooms and kitchens to be diverted to garden irrigation. While primarily a knowledge exchange, Bestenzirkel leads to innovations finding their way into our hotels: this year, for example, the Galo Resorts Hotel in Madeira adopted a new water technology to protect against new deposits and corrosion called Aqua 4D-system.

## SINGLE-ENGINE TAXIING SAVES FUELS



## SINGLE-ENGINE TAXIING TRIAL

On behalf of TUI Airlines, Thomson Airways trialled an innovation in which planes only use a single engine to taxi to the runway. TUI aircraft have for some time used only one engine to taxi from the runway to the gate, but traditionally used two engines from gate to runway. Though a simple concept, the single-engine taxiing practice completely alters the technical set up for take-off, so a test programme was needed before roll-out. On a Boeing 737 aircraft, the trial showed that adopting single-engine taxiing saves about 40kg of fuel per take-off. Each airline is in the process of reviewing the outputs from the trial and adapting to their own practices.

## INNOVATING TO REDUCE FUEL USAGE

During 2016, Thomson Airways supported a project aimed at reducing fuel costs as well as the airline's carbon footprint. Undertaken by Intercede Ventures Limited in collaboration with the University of the West of England, the project used a specially designed and patented prototype instrument called IASA to collect thousands of surface condition measurements from Thomson Airways aircraft to determine which areas, or 'zones', on the surface of an airplane are contributing to 'drag' and require cleaning.

The trial demonstrated that IASA and zone cleaning can significantly reduce annual fuel consumption and carbon footprint. The next phase of development involves trials with a new, easy-to-use version of the IASA instrument with stand-off/laser technology. When the system is commercialised, airlines can contract to have aircraft surface conditions monitored. The system is paperless and data is automatically transmitted to create monthly reports for the airline so it can plan zone cleaning for cost savings and carbon footprint reductions.

## NORDIC INITIATIVE (NISA)

In parallel with our internal work on sustainable fuels, TUI Nordic has been involved in co-sponsoring a report on the development process for sustainable jet fuel in the Nordic countries. The report explored the potential of advanced sustainable jet fuel for GHG reduction and mitigation and included recommendations on how to make best use of available Nordic know-how, feedstocks and production facilities.

Among its conclusions were that developing sustainable bio jet fuels could yield multiple potential benefits including reduction of GHG emissions and negative environmental impacts, development of new technology, as well as economic growth and job creation. Significant barriers to overcome include a high price gap between fossil and sustainable jet fuels, lack of a shared definition of what 'sustainable' actually means, absence of coherent cross-government policies and access to risk capital, as well as competing uses for livestock feed.

The report recommendations will now be considered at national policy-making level by Nordic nations and within businesses like ours.



# TUI CARE FOUNDATION

COMMITMENT BY 2020

We will collaborate with destinations on the sustainable management of tourism



//

**The social contract between TUI and the communities in which we operate**

**is at the very heart of the TUI Care Foundation. We are convinced that we are perfectly placed to work with holidaymakers, employees and other stakeholders to bring positive change to tourist destinations and help those local communities prosper."**

Fritz Jousen, Chief Executive Officer,  
TUI Group



## STRATEGIC ALIGNMENT WITH BETTER HOLIDAYS, BETTER WORLD

TUI Care Foundation's activities sit within the 'Lead the Way' pillar of the wider TUI Better Holidays, Better World 2020 strategy. It benefits from the collective expertise and resources of the entire TUI

Group while operating independently. Within the past year TUI Care Foundation has evolved its broader commitments and collaborated with destinations in three specific areas: education and training initiatives for young people; protection of the natural environment; and sustainable livelihoods in thriving destinations where

local communities can benefit from tourism.

In addition to these three focus areas, TUI Care Foundation will allocate specific funding for emergency relief as and when required. In 2017 TUI Care Foundation will evolve these focus areas further and develop clear targets.



## NEW HORIZONS



**We are all well aware of the travel industry's power to create change. Tourism is much more than simply sun, sea and sand. For many people in the world it is the key to a more secure and prosperous life. We are also aware, however, that tourism can bring challenges for both man and nature. At TUI Care Foundation we want to strengthen the positives that tourism brings and find solutions to the challenges."**

Thomas Ellerbeck, Chairman, TUI Care Foundation



**From small beginnings back in 2011 the Foundation is evolving into something with proven capacity to change lives and livelihoods for the better. The Advisory Committee is extremely excited at the direction TUI Care Foundation is taking and I am proud to be leading it forward."**

Jane Ashton, Chairperson, TUI Care Foundation Advisory Committee

## EDUCATION AND SKILLS FOR THE NEXT GENERATION

In the past year TUI Care Foundation has agreed funding for education and skills for the next generation. Below is a sample of the projects that will be funded.

### Girl Centre in Windhoek

The TUI Care Foundation granted scholarships for a hospitality education so that twenty young women from the Girls Centre on the grounds of the Namibia Football Association (NFA) in Windhoek could train in tourism. As a destination Namibia welcomes more holidaymakers each year, which increases the number of jobs available in the tourism sector. And with the help of a hospitality education these young women have the opportunity of developing a successful career. In 2016 a successful introductory course in hospitality training for 20 which ran at the NFA Girls Centre. As a result of this course, 12 of the participants in 2016 are going forward to complete a full-year restaurant management course in 2017.



EDUCATION  
AND TRAINING

### Dominican Republic

The child protection organisation Plan has been active worldwide for decades with a focus on the advancement of children – especially girls. Opening up future opportunities for those not able to benefit from a growing economy and improving living conditions in the holiday region is what unites Plan and the TUI Care Foundation.

Through the TUI Academy, 150 young women and men are trained for roles in the tourism sector in the Dominican Republic. As well as learning professional skills sought by the local hospitality industry, participants learn to protect their interests, look after their health and manage time and money so that they can go on to become strong, independent career men and women.

### Zanzibar

Founded in Zanzibar in 2010, the non-governmental Kawa Training Centre has been certifying young people as tour guides since 2011. Young Zanzibarians are trained as tour guides, which increases their chances of gaining qualified jobs and helps the country to build a competitive local tourism sector. With the help of the TUI Care Foundation, about 30 students have completed courses; 80% have gone on to find permanent positions and the permanent employment rate among women students is 100%. Students and teachers develop guided tours that are operated by graduates and tour operators for a fee. In addition, Kawa earns income from English and computer courses, giving it a valuable revenue stream over and above charitable donations.

## PROTECTING THE NATURAL WORLD

In the past year TUI Care Foundation has agreed funding for protecting the natural world in Curaçao for example.

### Curaçao

GreenKidz Curaçao teaches children about environmental conservation and waste recycling. The team includes environmental experts, multimedia specialists and financial professionals. The charity's aims overlap with three key values of TUI Care Foundation: education, environmental protection and the long-term strengthening of the island as a green and healthy destination.



PROTECTING THE  
ENVIRONMENT

GreenKidz Curaçao inspires primary school children to conserve nature and helps them identify small everyday steps that can make a difference. Five schools participated in the 2015 pilot year, rising to 15 schools in 2016 and 30 schools are anticipated for 2017. It is anticipated that over the course of three years the initiative will reach 8000 children. More and more volunteers are offering to work as guest GreenKidz teachers. The children transfer their knowledge and motivation to their families and are helping to positively change attitudes towards environmental protection on the island.

## THRIVING DESTINATIONS

In the past year TUI Care Foundation has agreed funding for thriving destinations. Below is an example of the projects covered by that funding.

### Lanzarote

Founded on Lanzarote in 2003, Grevislan is a company that employs people with learning disabilities who would otherwise have few opportunities in the regular labour market. As well as inclusive and diverse employment benefits, Grevislan projects tend to promote and enhance traditional agriculture in an environmentally friendly way – such as drying local organic fruit for commercial sale.



SUSTAINABLE  
LIVELIHOODS

TUI Care Foundation has been funding the Grevislan initiative for two years, during which time plant craters across some 122,000 square metres of land have been converted to organic farming for the cultivation of grapes to then be produced into local organic wine.





## GOVERNANCE

The last year has been an exciting one for TUI Care Foundation. From establishing itself as the independent corporate foundation for TUI Group in 2015, it has gone on to launch a website with an interactive portal through which potential partners can approach the foundation, welcomed Thomas Ellerbeck, Member of the TUI Group Executive Committee as Chairman of the Board of Trustees and set up an Advisory Committee.

The Board of Trustees is chaired by **Thomas Ellerbeck** and includes among its membership:

**Nicolaas Willem Visser** – Counsellor for Agriculture and Nature in North Africa

**Frank Oostdam** – Director and President of the ANVR, the Dutch association for travel companies

**Dagmar Wöhr** – Head of Economic Co-operation in the Bundestag

**Jeremy Ellis** – TUI UK Director, Marketing & Customer Experience

The Advisory Committee draws on personnel from across the TUI Group from Sustainability, Communications, Hotels & Resorts, Destination Services and Product and Purchasing.



*Second meeting of the Advisory Committee, Dalaman, September 2016*





care  
more

BUILDING THE  
BEST PLACE  
TO WORK





**We will achieve a  
colleague engagement  
score of over 80 – aligning  
us with the top 25 global  
companies – by 2020**

PROGRESS AGAINST  
2020 COMMITMENTS



**Contented employees create  
unique holidays."**

Dr. Elke Eller,  
TUI Group HR and Labour Director



## HIGHLIGHTS

Colleague engagement  
score of 77  
(+4 points on 2015)

18.8% employees  
working part time

Women in 29.4%  
of managerial  
positions

## OUR IMPACT

67,000 employees | 11 source markets | 180 destinations

## KPIs AND PROGRESS IN 2016

### Employee engagement score aligned with 'high-performing companies'

In 2016, 77% of employees participated in the TUIgether employee survey. The score was 77 compared with 73 last year. 80 or more is the 'high-performing company' score that we are targeting.

Following the 2015 TUIgether survey, the Group Executive Committee (GEC) is increasingly available to employees through monthly video chats, 'lunch and learn' sessions, employee days and travel workshop work experience for GEC members.

### Leadership team reflective of the diverse nature of our business

The proportion of women in leadership positions decreased slightly from 31.3% to 29.4%. However, the percentage of women on the Supervisory Board at TUI AG stands at 35%. While the largest group of employees is between the ages of 21 and 30, more than 13.6% are over 50 years of age.

### People development in the hands of employees

2,000 new apprentice positions by 2020 were announced at TUI UK & Ireland in 2016, in addition to the 569 positions that exists in Germany. Also in 2016, TUI launched the Global60 programme to foster international career development and fast-track culture spreading across our business.



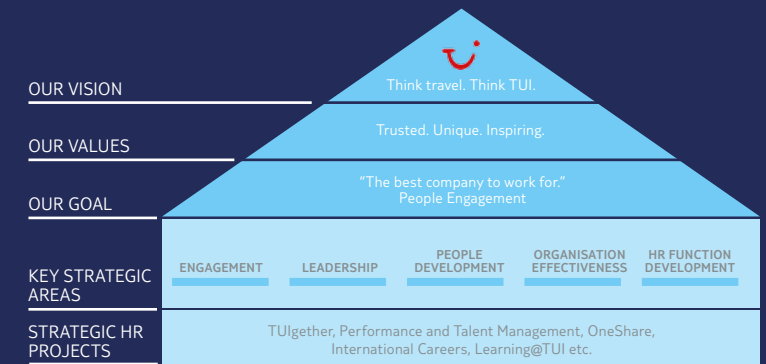
## CARE MORE: THE MISSING PIECE OF THE JIGSAW

The Better Holidays, Better World strategy, which was launched in 2015, did not include an employee pillar. In the past year that HR strategy has evolved and we are delighted to be incorporating a fourth pillar, 'Care More', to our Better Holidays, Better World strategy, which reflects the fundamental role of TUI employees in living and breathing the strategy within our business. We want to build the best place to work where people are passionate about what they do. Therefore, our target is to reach an engagement score of more than 80 by 2020. To mark this important milestone for sustainable development at TUI, we sat down with Dr. Elke Eller, TUI Group's HR and Labour Director who joined the TUI Group Executive Board in 2015 to lead Human Resources.



## THE NEW TUI GROUP HR STRATEGY

In 2016, the new Group HR Strategy was developed in order to ensure lasting achievement of our goal to "create the best company to work for". Apart from further underlining our joint corporate values, the focus is on five strategic areas including: Engagement, Leadership, People Development, Organisational Effectiveness and HR Function Development. The strategic areas outlined in the TUI Group HR Strategy form the basis of our approach to 'Care More' in the context of the Better Holidays, Better World sustainability strategy. For each area, specific projects have been defined to support the cultural transformation and the sustainable progression of the business.



### WHAT ROLE DOES SUSTAINABILITY HAVE IN HOW YOU ENGAGE WITH AND MANAGE TUI EMPLOYEES?

Our organisation is only sustainable if we nurture the talent within the ranks of our 67,000 employees. We want employees at TUI to feel content in their role and proud of the organisation they work for. And our HR strategy is based on this vision. So it was a logical step to incorporate HR into TUI's sustainability strategy. The manifold sustainability activities have a direct impact on how TUI is perceived within the company. We know from our annual TUIgether employees survey that our environmental performance interests and motivates our employees. Our engagement score of 75 in this area exceeds the high-performing company benchmark of 74. This is something of which we are very proud.

### WHAT ARE THE KEY STRATEGIC THEMES FOR HR AT TUI IN 2017?

Within our HR strategy we have defined initiatives at TUI covering areas from how we reward employees through to flexible working, training and development and beyond. These work streams cluster into some key focus areas, notably engagement, leadership, people development, organisational effectiveness and HR function development.

### HOW DO YOU BRING "CARE MORE" TO LIFE?

People engagement is the key. One of the most inclusive ways in which we engage with employees is through our TUIgether employee survey. What is important to me about the TUIgether process is that it facilitates continuous dialogue between employees and management. And we know that it is working: from a score in 2014/15 of 73 we achieved a score of 77 in 2015/16, which is fantastic. We are targeting a score of over 80 by 2020 to ensure we are aligned with the best of the high-performing companies but progress to date has been really satisfying to see.

But beyond the survey I engage with employees through a number of channels, as do other members of the Group Executive Committee. There are video chats, lunch sessions at a range of locations open to anyone who puts themselves forward, employee days where our CEO Fritz Jousen answers questions in town hall style meetings and days spent 'in-store' with our store-based colleagues.

But this kind of engagement can not only be found at the Group Executive Committee. By making engagement an integral element of our leadership model for all managers throughout TUI, we bring 'Care More' to life.

### WHY ARE GOOD PEOPLE MANAGEMENT AND EMPLOYEE SATISFACTION SO CRUCIAL TO TUI?

It is our employees who create the product. They are the ones in direct contact with customers. Customers are happy with their holiday if the people who guide and accompany them are fantastic. So TUI has a vested interest in employees who feel good about the company, engage and are prepared to 'Care More'. But people will only engage if they know why. They need to be aware of the big picture and feel part of it. Therefore, a common ground is crucial.

### WITH OPERATIONS IN 180 DESTINATIONS IS IT POSSIBLE TO UNITE ALL THE MANY CULTURES WITHIN TUI GROUP?

You can't measure everything by the same yardstick. It makes more sense to ask about our common DNA: What is it and what would we like it to be? Our corporate values, Trusted, Unique and Inspiring, reflect the common ground very nicely. They are so global that they can be understood anywhere, regardless of cultural or regional differences. TUI Group is undergoing a wider ranging process of transformation. That makes it all the more important to define cultural foundations for our partnerships and convey them to our employees.



# ENGAGEMENT



## GLOBAL HEADCOUNT

	30 Sep 2016	30 Sep 2015 restated	Var. %
Germany	10,170	10,047	+1.2
Great Britain	13,409	13,036	+2.9
Spain	8,967	9,115	-1.6
Other EU	19,895	19,301	+3.1
North & South America	3,768	3,428	+9.9
Other regions	7,032	7,922	-11.2
TUI Group	63,241	62,849	+0.6
Discontinued operations	3,538	13,187	-73.2
Total	66,779	76,036	-12.2

## TUIGETHER

A cornerstone of 'Care More' is our employee survey TUIgether. The annual survey is rolled out worldwide and findings from the first survey (2014/15) provided input for the group-wide HR strategy developed during 2016. TUIgether includes a range of measures designed to strengthen the open feedback culture at TUI and enhance employee engagement. The engagement index climbed by four points from 73 to 77. This represents strong progress towards the target of over 80. The response rate also rose by 11 percentage points from 66% to 77%.

The wide-ranging set of questions included one asking if employees believed TUI to be an environmentally responsible organisation. The score was 75 on this question and rose by five percentage points compared with last year. This exceeds the "high performance" benchmark of 74.

As a result of our annual employee survey the Group Executive Committee (GEC) has established 'TUIgether Lunch, Chat, Talk and Experience'. As part of this process the CEO and members of

the Group Executive Committee are open to employee questions on a range of issues, making themselves available online via monthly video chats, through lunch opportunities and employee days, when they visit stores, or during twice yearly country visits.

## INFORMATION AND CONSULTATION

A range of committees represent employees in the TUI Group, at national and international level, both works-based and sector-based. They range from local works councils at specific sites to central company works councils and ultimately the corporate works council for all employees of the Group in Germany. Based on their statutory rights to participate in decision-making and to propose measures, they ensure that employees' interests are taken into account in all matters.

At European level, the TUI Europa Forum promotes integration across Europe for our international workforce by organising proper information and consultation procedures in cross-border issues affecting the interests of employees in two or more countries within the European Economic Area.



# DIVERSITY IN LEADERSHIP



PROPORTION OF WOMEN IN MANAGERIAL POSITIONS 30 September 2016

	Executive Board	First management level below Executive Board	Second management level below Executive Board
<b>TUI AG</b>			
Actual	One female	10%	22%
Target	At least one female	20%	30%
<b>TUI Deutschland</b>			
Actual	20%	36%	40%
Target	20%	30%	40%
<b>TUI fly</b>			
Actual	0	40%	44%
Target	20%	30%	40%

## LEADERSHIP DEVELOPMENT

Management responsibilities at TUI call for continuing professional development. Identifying and fostering our leadership talent plays a key role in securing the long-term success of our company.

TUI runs three group-wide talent programmes; Global High Performance Leadership, Horizons and Perspectives. 'Global High Performance Leadership' is a format that builds key skills for the

top level of management, equipping participants to lead successful and profitable business areas. 'Horizons' is a development programme for leaders identified as potential successors for senior leadership roles and 'Perspectives' is aimed at young management talent. Almost 70 employees participated in one of these programmes during 2016. In addition to these programmes group companies have established local development programmes targeting high-potential employees.

Our internal mentoring programme also supports our managers and employees through the creation of a platform for knowledge transfer and exchange across countries and functions. This initiative was launched by TUI Nordic and successfully rolled out to TUI Belgium and TUI Netherlands under the theme 'Leadership of multicultural teams in times of change'.





In 2016 TUI Group employed 66,779 people, 56% of whom were female. The largest group of employees aged between 21 and 30 years old

#### OTHER STAFF INDICATORS, TUI GROUP

	30 Sep 2016	30 Sep 2015
<b>Employment structure</b>		
Number of employees	66,779	76,036
Employees – female	56.0%	56.2%
Females in managerial positions	29.4%	31.3%
Employees in part time, total	18.8%	19.7%
Employees in part time, female	28.8%	28.7%
Employees – fixed-term employment contract	33.1%	30.8%
<b>Age structure</b>		
Employees up to 20 years	5.3%	5.4%
Employees 21-30 years	30.1%	29.3%
Employees 31-40 years	27.1%	28.1%
Employees 41-50 years	23.9%	23.0%
Employees more than 50 years	13.6%	14.2%
<b>Average company affiliation</b>		
Up to 5 years	54.3%	56.9%
6-10 years	15.8%	17.0%
11-20 years	20.2%	17.8%
21-30 years	7.6%	6.6%
More than 30 years	2.1%	1.7%

## SECURITY, HEALTH AND SAFETY

TUI faces a range of different threats with regard to security, health and safety, including medical incidents and natural disasters as well as crime and terrorist threats. As we become more closely integrated, co-ordination of a Group-wide security, health and safety network is therefore a priority for TUI. Well-managed event and crisis management ensures the right support is provided to our customers and employees when needed, drawing on the full range of resources and experience available across a global group. TUI has structures in place, including crisis centres that can co-ordinate in the event of an incident, care teams to support guests locally in emergencies or crisis situations, as well as close contact with foreign offices in source-markets and foreign ministries worldwide. We draw on the experience of our employees in tourism crisis management to ensure TUI Group's integrated Group-wide safety management concept is state-of-the-art.

The approach at TUI is preventative and so in existing destinations and potential destinations we undertake long-term monitoring of social, natural and environmental indicators. This helps us better forecast longer term requirements and potential impacts from infrastructure to employee training. TUI's preventative approach also applies to employees to whom we offer extensive occupational health opportunities through our corporate sports programme, nutrition and psychological counselling and flexible working models to help employees balance work and family life. As signatories to the 'Luxembourg Declaration for Workplace Health Promotion in the European Union', we work collaboratively with organisations such as European Network for Workplace Health Promotion (ENWHP) in implementing these measures.

## HUMAN RIGHTS

TUI is committed to protect, respect and remedy human rights throughout our worldwide operations, in line with applicable laws, conventions and regulations.

Human rights are a component of our Code of Conduct, Supplier Code of Conduct, employee training programmes and Travelife certification activity. We are also signatories to the UN Global Compact and UN World Tourism Organisations Global Code of Ethics and work continuously with stakeholders to improve our responsiveness to human rights issues. To support us with this work we recruited additional resource to work with Sustainability and HR teams on human rights, and in particular modern slavery. We have also established a working group on human rights, drawing on senior management from major departments across our business to help with the continuous process of analysing potential human rights risks. A key driver has been the requirement under UK law to publish a modern slavery statement by April 2017. Our statement is included on p. 51 of this report.

TUI signed up to Europe's Diversity Charter in 2008 and made a pledge to promote a versatile mix within the workforce.

67,000 TUI colleagues operate in about 180 destinations worldwide. While the majority are based in Europe, nearly 11,000 are based beyond and with new destinations in Asia driving growth, the diverse profile of the workforce is set to evolve further still.

Women make up 56% of all employees at TUI and hold 29.4% of all managerial positions. The proportion of women on our German supervisory bodies continued to rise last year. On 30th September 2016, women accounted for around 38% of members, up 8 percentage points year-on-year. In financial year 2014/15 targets for women in managerial positions were implemented in three major companies in Germany. Additional measures were initiated to promote female executives and we aspire to grow this number throughout the Group at management level and are monitoring levels and setting targets to drive improvement.



# PEOPLE DEVELOPMENT



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To help employees embed sustainability values, our Destination Services Team has developed a digital game, featuring chapters on Better Holidays, Better World strategy, child protection, animal welfare and sustainable excursion criteria

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## TRAINING

Training and development opportunities are central to providing customers with a unique holiday experience as well as ensuring that we create skilled and diverse leadership. In 2016, for the second year running, the TUI Hospitality Academy was named as 'Best intermediate vocational education of the Netherlands in the category tourism & recreation' and trained a total of 171 students. Also in the Netherlands in 2016 TUI fly ran an internship programme for 110 Cabin Attendants in partnership with 11 regional training institutes.

**2,000 NEW  
APPRENTICE  
OPPORTUNITIES  
BEFORE 2020**

In the last year, TUI UK announced a target to introduce 2,000 new apprentice opportunities before 2020. These

opportunities across engineering, IT and retail build on the 5,500 apprenticeships offered since 2000 in the UK alone. We are also working with the UK Industry Skills Board to recruit apprentice pilots from a more diverse group of candidates. In Germany, we currently employ 569 apprentices in 12 different occupations and offer places as part of three university 'sandwich courses'. The training rate in Germany is 5.7%. Of the 183 trainees in Germany who completed their apprenticeships during 2016, more than 70% were offered permanent employment.



## A FRESH LOOK AT SUSTAINABILITY TRAINING

We are always keen to find new ways to integrate sustainability into employee training. For some years it has been part of our induction training and a key component of our International Management graduate programme. Last year, our Destination Services Team also developed a digital game to help employees embed sustainability values, featuring chapters on Better Holidays, Better World, child protection, animal welfare and sustainable excursion criteria. The game will be launched to employees in Destination Services in early 2017 before rolling out to other business areas.

We also have specific training for people in key roles and on core issues, for example compliance, child protection, people trafficking (airline employees) and modern slavery.



## GRADUATE TRAINEES AT TUI

TUI offers an international graduate leadership programme in which 25 trainees from 15 different countries participate. They take an 18-month journey through different departments of the Group. Beyond commercial and operational placements, trainees are set a specific sustainability project. They also work as a holiday representative at a minimum of one destination and are supported and mentored throughout the programme by an experienced TUI leader.

## TUI LEARNING SYSTEM

For all employees at TUI language training schemes, seminars on intercultural understanding and specific technical training programmes are offered. Our Learning Management System, 'TUI Learning', is designed to strengthen specialist and management skills.

More than 22,000 employees already use the system and our goal is to provide access in a range of languages around the globe to every company employee. The system consists of more than 300 e-learning modules with more than 160,000 courses in the fields of Retail, Airline Academy, Finance Academy, Administration and Destination Services.



## COMMITTED TO ENCOURAGING INTERNAL PROMOTIONS AND INTERNATIONAL MOVES

### GLOBAL60

As the world's leading tourism company, TUI Group needs its leaders to reflect the global nature of the organization, across cultures, businesses and borders. The Global 60 initiative strives to further encourage our employees to think about an international career that provides a unique experience. The goal is to move 60 people who are at junior or middle management level into an international role by the end of this financial year – and for this initiative to become business as usual once this goal has been reached.

## BUILDING EXPERTISE IN OUR DESTINATIONS

Through TUI Care Foundation we have also established the TUI Academy, which has a focus on developing skills and education in destinations that benefit from additional investment and support. For example, working with Futouris on the 'Sport for Development' programme of the German Federal Ministry for Economic Cooperation and Development, the TUI Academy supported an 'introduction to hospitality' initiative for 20 young women at the National Football Association Girls Centre in Windhoek, Namibia. Alongside football, these young women were given an introduction to hospitality skills in the hope that this provides them with employment in the growing tourism sector in Namibia.

The first course was so successful that the TUI Care Foundation has gone on to fund a year-long certificate in restaurant management as a follow up. That course will commence in February 2017.

**Frederic Dewandel**  
Performance and Fuel Manager  
TUI fly Belgium and Trainee Pilot



### Is it usual to train to be a pilot while working in another role?

Absolutely not, no! I am one of three trainees that TUI Belgium take onto this scheme every year following an assessment centre recruitment process. They have had this programme in place in Belgium for six years; I know that the UK Thomson business is also considering it but it is really quite unique. I will be in this role for four years, simultaneously working and training.

### How do you think this professional opportunity has benefited you?

In the same way that any person benefits from working in different parts of a business. You learn to understand things from different perspectives and appreciate the work that other people do within the organisation to make the whole business work. It has also given me the opportunity to do two things that I really enjoy: sustainability and flying planes!

### Do you think this experience will influence the pilot that you will become?

I hope so. The appreciation I have for sustainability and its importance in business today – whatever business you are in – is something that has influenced me a lot and I will take with me in my role as a pilot and outside of work as well. But as a pilot the experience I have had will make me quick to embrace new initiatives that have a sustainability benefit.



# EMPLOYEE VOLUNTEERING



Each of our 67,000 employees is part of a community and employees find a range of ways to get involved locally. Here are a few examples:

## BEACH CLEAN UP

Our resorts offer guests pristine shorelines and glittering blue seas, but public beaches in some destinations in which we operate do not get the same care and attention. As participants for the past three years in the ABTA-led 'Make Holidays Greener' campaign, we have deployed 1,300 TUI workers to clean up 56 beaches in 14 countries, successfully collecting 9,843kg of waste.

## SUPPORTING REFUGEES IN GERMANY

Thirty colleagues from our HQ and TUI Deutschland offices in Hannover volunteered time in 2016 to deliver language training to refugees. In total, more than 1,000 lessons were taught to more than 300 refugees. The TUI Group supports its employees' engagement in this project with a flexitime working policy.

## TUI FLY NETHERLANDS HELP 'ON STOPOVER'

In November 2015, TUI fly Netherlands launched a project to bring together air crew 'on stopover' with TUI Care Foundation projects in Gambia and Sal, Cape Verde, where pilots and stewards could roll up their sleeves and get involved. Working closely with local partners, in 2016 more than 50 crew members

were skills-matched to volunteer on a range of initiatives that met TUI Care Foundation criteria and offered no threat to local employment. Projects have so far included helping with sports and arts at a day care centre, visiting and helping local elderly residents, contributing to the TUI Care Foundation sea turtles protection initiative in Sal and working at a stray animal shelter.

The programme brings an extra pair of hands to important local initiatives in these destinations and gives the TUI fly crew the opportunity to get acquainted in a meaningful way with local people and local cultures. Working with HR, TUI fly Netherlands is now building the programme to become a broader engagement and people development opportunity.

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**Since 2011, TUI UK has offered every employee a Discovery Day, which allows them to spend a day a year with a charity of their choice**

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## BETTER WORLD CHAMPIONS BRING ABOUT CHANGE

Our UK retail business mobilises volunteers through its Better World Champions, who are responsible for both sustainability and charitable activity. This network of 24 people talks monthly and meets annually to energise each other, share ideas and drive change. Part of their role is to help their location develop and achieve an annual fundraising target. In 2016 Ambassadors exceeded £100,000 in fundraising, which was shared among selected charities.

Since 2011, the UK business has offered every employee a volunteering or Discovery Day each year, linking them up to their preferred charities with the help of our Better World Champions. The UK has set a great example and other business areas and markets are now developing similar networks. The Ambassadors also work hard to grow customer contributions to TUI Care Foundation.

## THE TUI GAMES

The TUI UK head office is in Luton and in 2016 about 50 employees participated in the first ever TUI Games.

The volunteers worked with six local sports clubs and 14 young leaders from local secondary schools to bring sports to children from four local primary schools.

The programme is run by the charity Sportinspired and is designed to help children become more physically active and develop their confidence, leadership and employability skills while bringing the community closer together.

Providing extra inspiration at the event was Commonwealth Games 100m silver medallist Rehmial Miller. Children participated in a range of activities including karate, gymnastics, Fit Ball, athletics and rugby, and at the end of the day their schools committed to integrate favourites into the school curriculum for a term.

As a follow-up, the 14 young leaders from local secondary schools were offered work experience with TUI. 2016 was the first year TUI took part and we have committed to get involved again in 2017.

## CELEBRATING 10 YEARS OF PROJECT DISCOVERY!

An employee programme we're particularly proud of is Project Discovery. The project's goal since its launch 10 years ago has been for volunteers to make a positive difference and to stimulate sustainable tourism initiatives within TUI's operations. Now in its 10th year, it has provided more than 100 employees the opportunity to work with charities on TUI's behalf, benefiting our destination communities. Project Discovery gives participants an exceptional experience that a work or holiday trip alone could not achieve – it also breathes fresh life into corporate strategy and drives real change at our destinations.

## SOME OF THE IMPACTS FROM 10 YEARS OF PROJECT DISCOVERY

Volunteers	105
Volunteer days	1,030
Number of assignments	54
Number of destinations	19
Number of SMEs trained	263
Number of customer participants in research	2,865 customers interviewed
Number of stakeholders consulted	453 stakeholders interviewed
Hotels participating	45

2006	SRI LANKA TREES FOR LIFE
2007	CYPRUS VILLAGE ROUTES
2008	BRAZIL SUSTAINABLE EXCURSIONS
2009	MEXICO JAM
2010	MEXICO WHALE SHARKS
2011	CYPRUS STAKEHOLDER ENGAGEMENT
2012	KENYA BEACH SELLERS
2013	TURKEY LOCAL SOURCING
2014	CAPE VERDE MARKETING SUPPORT
2015	MEXICO MUUCH KAAB SKINCARE
2016	JAMAICA CRAFTS TRAINING





# DATA AT A GLANCE

## GENERAL

<b>Number of employees</b>	67,000
<b>Number of destinations</b>	180
<b>Number of customers</b>	20 million
<b>Number of group-owned/managed hotels</b>	>300
<b>Number of aircraft</b>	140 medium and long haul (5 tour operator airlines)
<b>Number of retail shops in Europe</b>	1,600
<b>Number of source markets</b>	11
<b>Number of years of environment reporting</b>	27
<b>Number of cruise ships</b>	14



<b>TUI carbon footprint in 2016</b>	7,162,018 tonnes CO <sub>2</sub>
<b>% carbon footprint relating to aviation</b>	81.6%
<b>Grams of CO<sub>2</sub> emitted across TUI Airlines</b>	66.8g/revenue passenger kilometre
<b>% aircraft covered by ISO 14001 certification</b>	95%, all 5 tour operator airlines (excluding Corsair)
<b>% absolute carbon emissions increase across TUI Airlines</b>	4.0% increase
<b>Airline % increase in carbon emissions in 2016</b>	1.2% increase
<b>Average carbon emissions</b>	110 kg CO <sub>2</sub> / cruise passenger night
<b>TUI ranking in atmosfair index</b>	#1 TUI fly Germany and #2 Thomson Airways are the two most efficient charter airlines worldwide with four TUI airlines in the top 10.
<b>Number of cruise ships certified to ISO 14001</b>	100% (14 out of 14)





 **make**  
a difference

<b>CDP climate change</b>	Featured on the A list in top 9%
<b>Savings from environmental efficiencies (since 2012)</b>	€ 67 million
<b>% increase of emissions per passenger kilometre from ground transport</b>	6.1%
<b>% decrease in CO<sub>2</sub> emissions from offices, retail shops, and brochures</b>	5.2%
<b>Result of three years of beach clean-ups for Making Holidays Greener</b>	1,300 TUI colleagues clean up 56 beaches in 14 countries collecting 9,843kg of waste.
<b>Number of reusable drinking carafes at Robinson Club Maldives</b>	7,500 for locally desalinated sparkling water. This saves 400,000 water bottles from disposal each year.

<b>Number of Greener &amp; Fairer holidays</b>	6.3 million
<b>Number of hotels certified to Travelife</b>	1,170
<b>% of guests that have a Greener &amp; Fairer holiday with TUI</b>	41%
<b>Number of beds in our global portfolio</b>	214,000
<b>Number of TUI Collection excursions sold in 2015-16</b>	846,000 (+30% on previous year)
<b>Number of Collection excursions on offer</b>	170 excursions in 41 destinations in 12 countries





**lead**  
the way



**care**  
more

Average CO <sub>2</sub> emissions per guest night	10.1kg CO <sub>2</sub>
Energy consumption per guest night	27.9 kWh
Litres of fresh water use per guest night	478
% food sourced from country	79%
% food sourced locally to hotel	48%
Number of colleagues working in destinations that receive sustainability training	6,500 employees in 100 destinations

€ raised to enhance positive impacts of tourism	€6.6 million
% of funds generated from customer contributions	80%

% colleagues who participated in TUIgether	77% of colleagues responded, for an engagement score of 77 (compared to score of 73 in 2015)
Engagement score for colleagues who agreed we are an environmentally-responsible company	75 (compared to 70 last year)
Number of international career opportunities for existing employees	60 international career moves through our Global60 programme
% of women in managerial positions	29.4%
% of employees working part time	18.8%





## MODERN SLAVERY STATEMENT

**This statement is made pursuant to section 54 of the UK Modern Slavery Act 2015. It sets out the steps TUI Group has taken to prevent acts of modern slavery and human trafficking from occurring in its business and supply chain up to and during the financial year ending 30 September 2016.**

## INTRODUCTION

TUI Group respects all internationally proclaimed human rights as specified in the International Bill of Human Rights and expects the same of our suppliers and business partners.

Modern slavery and its components of forced labour and human trafficking are of particular concern given their egregious nature and increasing prevalence. In this statement, we address how we seek to identify, mitigate, and prevent cases of modern slavery in our operations and our supply chain.

In accordance with applicable law, conventions and regulation TUI is committed to respecting human rights throughout its worldwide operations. We have a number of policies and initiatives in place to monitor, identify, mitigate and prevent human rights impacts in line with the UN Guiding Principles on Business and Human Rights, and will take remedial action where necessary.

In September 2014, TUI signed up to the [UN Global Compact](#), committing the Group to 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Moreover, TUI signed the UN World Tourism Organisation's (UNWTO) Global Code of Ethics in 2012 – further underlining our commitment to respecting human rights.



## ABOUT TUI GROUP

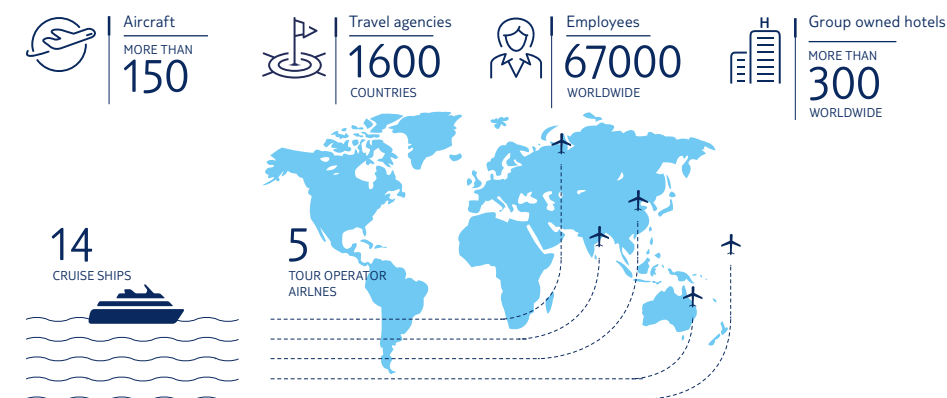
### About TUI Group and our supply chain

TUI Group is the world's number one tourism business. The broad portfolio gathered under the Group umbrella consists of strong tour operators, 1,600 travel agencies and leading online portals, six airlines with around 150 aircraft, over 300 hotels with 214,000 beds, 14 cruise liners and a significant number of destination management companies in holiday destinations around the globe. This integrated offering enables us to provide our 20 million customers annually with an unforgettable holiday experience in 180 destinations.

In 2015/16 financial year the TUI Group with a headcount of 67,000 recorded turnover of €17.2 billion and an operating result of €1 billion. The TUI Group's share is listed on the London Stock Exchange in the FTSE index and in the regulated market of the Frankfurt Stock Exchange. Our extensive supply chain covers thousands of suppliers in more than 90 countries. The biggest supplier category is our hotel partners, however our suppliers range from the manufacturers of aircraft and cruise ships, through to the laundry and other services provided to our hotels, to tourist guides and other services our customers use in destination.

A key feature of our corporate culture is our global responsibility for economic, environmental and social sustainability. This is reflected in more than 25 years of environmental reporting and engagement with sustainable tourism.

To find out more about the nature of our business, please click [here](#).







## POLICIES

### We are working on an ongoing basis to improve and update our policies.

The employee [Code of Conduct](#) commits us to respect and observe human rights. TUI Group employees are also encouraged to report any wrongdoing to the 'Speak Up' Line. All employees wherever they are in the world have access to a confidential reporting channel which allows them to report concerns about illegal or unethical behaviour directly to a group function free from reprisal. Employees are specifically encouraged to report concerns about, among other things, potential human rights issues. Group Legal Compliance closely monitors the hotline and ensures ongoing employee awareness through e-mails, newsletter updates, websites, e-learning and posters in prominent areas.

Our [Supplier Code of Conduct](#) sets out the minimum standards that we expect from suppliers and their employees, sub-contractors, agents and subsidiaries when working on our behalf. Among other things the code includes guidance on human rights and labour laws, bribery and corruption, environmental impacts and support for local communities. TUI was the first major player in the Travel and Tourism sector to introduce supplier codes of conduct in order to mandate standards and stipulate requirements of third party business partners, ensuring their alignment to TUI's expectations for responsible and ethical business practices.

The TUI Supplier Code of Conduct prohibits the use of forced and involuntary labour and requires that suppliers do not:

- a. employ anyone against their will;
- b. traffic in persons or use any form of slave, forced or bonded labour;
- c. require workers to surrender any government-issued identification, passports, or work permits as a condition of employment; or
- d. require workers to undergo excessive indebted labour: that is, where workers are required to pay a fee in connection with obtaining employment, expenses associated with recruitment, processing, or placement of both direct and contract workers, Suppliers shall be responsible for payment of fees and expenses in excess of an affordable portion of a worker's salary (a guide being one month of the worker's anticipated net wages).

The Code also provides detail on the following areas; general rights of workers, child labour, child protection from sexual exploitation, trafficking, anti-discrimination, working times and remuneration.

As part of a process of continuous improvement both codes are currently under revision to ensure better transparency and understanding amongst our employees and suppliers.

Our TUI tour operating businesses have incorporated environmental and social requirements into contracts for our biggest supplier group - accommodation partners - [Sustainability Requirements for Accommodation Suppliers](#). We have reviewed these requirements to make sure that they adequately cover human rights, in particular forced labour and human trafficking. These requirements are also outlined in our agreements with contracted Destination Management Companies. We are currently in the process of adapting these requirements for other areas of our procurement.

We also require our hotel suppliers to implement credible sustainability 3rd party certifications recognised or approved by the [Global Sustainable Tourism Council \(GSTC\)](#). [Travelife](#) is the certification body we work most closely with and we were involved in developing new, stricter criteria, which launched in 2014. One of the revisions has been the inclusion of the principles of the Ethical Trading Base Code to strengthen the human rights components of the audit process, including modern slavery aspects. In the financial year 2015/16 6.3 million TUI holidaymakers (representing around 40% of our package holiday customers) stayed in certified hotels, with 1170 of our hotels now certified with schemes recognised or approved by the GSTC.



## RISK ASSESSMENT / DUE DILIGENCE

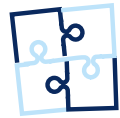
During the financial year 2015/16 we began analysing our operations and supply chain to better understand the areas of our operations most at risk of abuses relating to modern slavery. We have established a working group consisting of senior management representing major departments to analyse the business areas and potential modern slavery risks. We record and prioritise these risks in our Human Rights Risk Register, which was developed with the support of a specialist human rights consultancy. With reference to various indices and reports on human rights, and taking into consideration TUI's impact in destinations, we were able to prioritise a number of areas, particularly long haul destinations, in which to focus our efforts.

TUI Group also continues to working closely with travel trade associations, sustainability certification bodies and human rights groups to understand trends and risk areas.

When purchasing TUI branded supplies for use in destination, such as uniforms and branded merchandise, we prefer to work with partners who are members of [SEDEX](#), a not for profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains.

TUI Group has a third party due diligence programme in place for new suppliers to ensure they are reputable ethical business partners. During 2017, a programme is underway to enhance this, and permit large-scale, automated screening of 1st tier third parties in the supply chain covering aspects of human rights and modern slavery.





## DESTINATION STAKEHOLDER INITIATIVES

Sadly, child sexual exploitation has become associated with tourism in various parts of the world. We have a number of processes in place to ensure it does not happen in our operations, and those of our business partners. We are also taking a number of steps to support adolescents and young children who are at risk of trafficking and/or commercial sexual exploitation including:

- TUI Care Foundation, the corporate foundation of TUI Group, has worked on a project in Brazil and is initiating one in the Dominican Republic aiming to promote the social, economic and personal empowerment of adolescents and youths at risk of commercial sexual exploitation. We will continue to work together with the Foundation to identify and support projects, which protect and empower the young generation in key destinations.
- Our businesses actively support several child protection projects and campaigns, and in 2015 TUI Group and RIU were named as Top Members of the Code of Conduct for the Protection of Children from Sexual Exploitation in Travel & Tourism. In 2016, we joined the Board of the Code as chairperson. We also sit on the UNWTO Child Protection task force.



## TRAINING

We conduct regular child protection training for all colleagues working for TUI Destination Services to ensure they understand child protection and how to react and proceed when an incident occurs.

We are in the process of training specific groups of colleagues about human rights and modern slavery, such as holiday representatives and purchasers working in high risk destinations.

All crew members of Thomson Airways participate in the Vulnerable Children & Trafficking Training during their inductions, where they learn about how to spot trafficking and what to do if identified so. TUI Group is planning to roll out this training to its other airlines.

What is more, for certain purchase categories several of our buyers undergo Chartered Institute of Procurement and Supply (CIPS) training, which includes key guidance on modern slavery issues in supply chains.



## PERFORMANCE INDICATORS

### Performance measurement in preventing modern slavery

These performance indicators will assist us in assessing the effectiveness of the steps taken to ensure business and supply chain are slavery free:

- a. Number of customers staying in hotels with a GSTC certification\*;
- b. Number of colleagues trained on human rights in tourism;
- c. Actions taken to strengthen our policies;
- d. Steps taken to initiate and strengthen supply chain management;
- e. Number of modern slavery cases reported and actions taken in response;
- f. Projects and partnerships initiated to uphold human rights in our destinations.



THIS STATEMENT WAS  
APPROVED BY THE  
TUI EXECUTIVE BOARD  
AND THE TUI GROUP  
EXECUTIVE COMMITTEE.

*Fritz Jousсен*

FRITZ JOUSSEN  
CEO, TUI GROUP  
MARCH 2017

\*Schemes approved and/or recognised by GSTC mandate the highest standards of human rights, child protection and social welfare in the tourism industry.



# UN GLOBAL COMPACT PROGRESS REPORT

TUI signed up to the UN Global Compact in 2014. We have openly pledged to respect the 10 Principles in all four areas: human rights, labour, environment, and anti-corruption. This is TUI's second progress report for the UN Global Compact.

The Index below summarises the rules applied by TUI, the actions we implement and the outcomes we delivered during the reporting period FY2015/16. Where appropriate, we have included references to content elsewhere.

## PRINCIPLE

**1 AND 2  
SUPPORT FOR HUMAN RIGHTS  
AND PREVENTION OF HUMAN  
RIGHTS VIOLATIONS**

## RULE / ACTION

**TUI Code of Conduct Training and worldwide whistleblower system is in place for reporting violations. (See annual report p. 125)**

**TUI pledges to uphold all internationally proclaimed human rights as specified in the UN Guiding Principles on Business and Human Rights.**

**TUI became a signatory to the UNWTO Global Code of Ethics in 2012.**

## OUTCOMES

The whistleblower system called 'Speak Up' implemented in 2013 was extended to all TUI jurisdictions in 2016.

**3 TO 6  
FREEDOM OF ASSOCIATION,  
ABOLITION OF FORCED AND  
CHILD LABOUR, ELIMINATION OF  
DISCRIMINATION**

**Signatories to The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism ("The Code").**

**Our hotels and those of our hotel partners are required to align to a GSTC-recognised sustainability certification process, which includes Human Rights components, as part of the contractual relationship. (See p. 69)**

**Signatory to the German Diversity Charter, Mixed leadership Programme.**

**Statement on Modern Slavery published online [here](#).**

In 2016 TUI Joined the Board of the The Code, taking the role of Chairperson.

TUI Group also sit on the UNWTO Child protection task force.

6.3 million 'Greener and Fairer' holidays in 2016 (holidays in sustainability-certified hotels), equivalent to 41% of TUI holidays.

Engagement score for colleagues who agreed we are an environmentally-responsible company

Formation of a Modern Slavery working group in 2016.

29.4 % women in managerial positions. 35% of supervisory Board is female.

50 employee representatives from 14 countries.

18.8% of employees working part time at TUI, over 10,000 of those employees are men.



## PRINCIPLE

## RULE / ACTION

## OUTCOMES

### 7 PRECAUTIONARY ENVIRONMENT PROTECTION

**Pre-emptive action on cruise emissions legislation.**

**Emerging strategy on sustainable aviation fuels.**

**Phasing out of brochure printing and replacing with improved digital infrastructure.**

**Phasing out of paper-based processes.**

8.2 million fewer pages of catalogues produced over two years decreasing CO<sub>2</sub> emissions in the segment.

Continued development of Bonaire AlgaeParc to improve our biomass production capacity resulting in € 30 000 investment and an agreement to employ 20 local people in 2016.

Zero brochures in Northern Region (TUI UK and Nordic)

Paper-based flight inventory being replaced with smart phone and tablet applications.

### 8 PRACTICAL COMMITMENT TO ENVIRONMENT PROTECTION

**Desalination of water in Maldives. (See annual report p. 57)**

**Biomass production in Bonaire. (See p. 35)**

**Beach cleaning as part of 'Make Holidays Greener' campaign.**

400 000 plastic water bottles eliminated from Maldives F&B inventory due to water desalination practices.

TUI continues its investment with a £30 000 research centre and 20 new jobs for local people.

In 2016 – 1300 employees cleaned 56 beaches in 14 countries collecting 9843kg of waste.

### 9 DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

**Modernisation of the aircraft fleet and continual commitment to new technologies and processes.**

**New cruise ships and industry leading hybrid-scrubber technology. (See p. 20)**

**Waste Management infrastructure at airports. (See p. 18)**

**Digital technology as a replacement to paper in flight inventory and training practices.**

Emissions down overall against baseline and overall 10% reduction target. However FY 2015/16 emissions were up by 1.2%.

Thomson Airways and TUI fly Germany took #1 and #2 slots in the atmosfair index for most carbon-efficient charter airline.

TUI Airlines remain about 30% more efficient than the industry norm.

TUI bought 11 new aircraft during 2016 which will deliver 20% fewer emissions than the aircraft they replace.

4.1% reduction in emissions from our 14 cruise ships against 2015 baseline.





For more information about  
sustainability at TUI Group, visit:  
[www.tui-sustainability.com](http://www.tui-sustainability.com)

Contact:  
Jane Ashton  
Director of Sustainability  
TUI Group  
[sustainability@tui.com](mailto:sustainability@tui.com)