Responsible tourism can be a powerful force for good—boosting economies, creating employment and enhancing cultural understanding. Through our core business, Better Holidays, Better World 2020 (BHBW) strategy and the work of TUI Care Foundation, we want to find innovative ways to create thriving destination communities along with unique and memorable holidays.

Launched in 2015, the UN Sustainable Development Goals (SDGs) are a helpful ‘big picture’ way to view our impact and the contributions we make to a better world. In 2016, we reviewed our activities against the goals and plan to use them as a benchmark in the future to assess 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 initiatives—and will inform our strategy going forwards.

As well as these core goals, important issues for TUI include water, CO2 emissions and sustainable fuels, modern slavery, human rights, gender pay and animal welfare.

Here are just some of the ways we contribute to the 17 goals:

<table>
<thead>
<tr>
<th>Goal</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 No Poverty</td>
<td>Tourism skills for disadvantaged youth in Dominican Republic</td>
</tr>
<tr>
<td>2 Zero Hunger</td>
<td>Work with Global Sustainable Tourism Council recognised certifications such as Travelife to safeguard hotel working conditions</td>
</tr>
<tr>
<td>3 Good Health and Well-being</td>
<td>Support for sustainable agriculture programmes in Turkey, Crete and Lanzarote</td>
</tr>
<tr>
<td>4 Quality Education</td>
<td>Worldwide beach cleans, turtle protection projects</td>
</tr>
<tr>
<td>5 Gender Equality</td>
<td>Carbon intensity reduction targets across all TUI’s business operations</td>
</tr>
<tr>
<td>6 Clean Water and Sanitation</td>
<td>Partnering via TUI Care Foundation with many NGOs on projects</td>
</tr>
<tr>
<td>7 Affordable and Clean Energy</td>
<td>S# 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 initiatives—and will inform our strategy going forwards. As well as these core goals, important issues for TUI include water, CO2 emissions and sustainable fuels, modern slavery, human rights, gender pay and animal welfare. Here are just some of the ways we contribute to the 17 goals:</td>
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FRITZ JOUSSEN
CHIEF EXECUTIVE OFFICER, TUI GROUP

Welcome to this snapshot of our Better Holidays, Better World report 2016.

As the world’s biggest tourism company, TUI is committed to being a leader in our sector. This means rising to the challenge of meeting the ambitious shared agenda set out in the UN Sustainable Development Goals (SDGs) by continually finding better ways of doing things.

Including Care More in our strategy is one example of this commitment to improvement. Having launched three strategic focus areas in 2015 (Step Lightly, Make a Difference, and Lead the Way), this fourth pillar focuses on our employees. It’s about making TUI the best place to work which goes hand in hand with providing our customers with unique and memorable holidays.

This year—the second of reporting against our Better Holidays, Better World (BHBW) strategy—two highlights stand out for me. The first was our TUIgether employee survey results placing us in the ‘high performer’ businesses category against benchmarks for colleagues view of TUI as an environmentally responsible company and bringing us into line with the world’s best companies. We also scored better on colleague engagement (up 4 points to 77), showing we’re on-track to create an environment where employees thrive.

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.

One area where we fell short was our 2020 commitment to cut carbon emissions by 10%. For the first time in eight years progress stalled, leaving us 1.2% up on the previous year. Changes in airline occupancy levels due to overnight route changes caused by security incidents contributed to this. As Europe’s most carbon-efficient airline fleet, we will continue to drive for emissions reductions, explore sustainable fuels and help in develop a uniform global solution to this significant sector challenge.

In 2017 we are excited about the continued evolution of the TUI Care Foundation. Through the Foundation we have already seen our capacity to bring change and opportunity to our destinations enhanced. Now that funding is secured for a range of fresh initiatives in 2017 that trend looks set to continue. As a company committed to ‘Lead the Way’, TUI will remain at the forefront of that movement by addressing global sector challenges and the things that matter to our stakeholders.

Fritz Joussen,
Chief Executive Officer, TUI Group

About this report

This snapshot presents selected highlights of TUI Group’s progress between 1st October 2015 and 30th September 2016 on the four pillars of the Better Holidays, Better World 2015-2020 strategy. It draws from our full report, available at www.tui-sustainability.com. This summary includes data and progress on activities from businesses owned or controlled by TUI Group. For details of our progress as signatories to the 10 principles of the UN Global Compact and statement on modern slavery, please see the full report.

TUI Group’s sustainability strategy includes four pillars:

- **Step Lightly**: how we are reducing the environmental impact of holidays.
- **Make a Difference**: our positive impact on people and communities.
- **Lead the Way**: in pioneering sustainable tourism.
- **Care More**: building the best place to work.
**HIGHLIGHTS**

REDUCING ENVIRONMENTAL IMPACT

- 4.1% reduction in CO₂ emissions per cruise passenger night compared with 2015
- €67 million saved through environmental efficiencies since 2012
- TUI Airlines continue to be up to 30% more efficient than the industry norm
- 4.1% reduction in CO₂ 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

**OUR COMMITMENT**

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

**TOP LINE KPIs AND PROGRESS**

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

In 2016 carbon emissions per passengerkm were 66.8g CO₂, an increase of 1.2% compared with 2015 (66g) but nonetheless a 1.2% reduction against the 2015 baseline.

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

In 2016, carbon emissions per cruise passenger night were 110kg CO₂, a 4.1% reduction compared with 2015 (114kg)

**ALIGNMENT WITH UN SDGS**

**OUR IMPACT**

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

*For full detail on our KPIs and progress in 2016 please go to www.tui-sustainability.com*
CREATING POSITIVE CHANGE

6.3 million ‘greener and fairer’ holidays in 2016 (in hotels with sustainability certification)
77% of TUI group-owned/managed hotels had sustainability certifications
846,000 TUI Collection excursions with sustainability at their heart
1,170 hotels certified to a Global Sustainable Tourism Council recognised certification standard

The key to this success is our relationship with our suppliers.”

Garry Wilson, Managing Director
Product and Purchasing

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.

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 customers and destination operations.

Our commitment

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

TOP LINE KPIs AND PROGRESS*

Alignment with UN SDGs

OUR IMPACT

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

*For full detail on our KPIs and progress in 2016 please go to www.tui-sustainability.com
OUR 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.

TOP LINE KPIs AND PROGRESS*

We will collaborate on initiatives to scale up sustainable aviation fuels
In the past year 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, protection of the natural world and innovative projects that support thriving destinations
Funding for projects reflecting the three key focus areas is now agreed for 2017.

ALIGNMENT WITH UN SDGS

*For full detail on our KPIs and progress in 2016 please go to www.tui-sustainability.com
BUILDING THE BEST PLACE TO WORK

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% of employees working part time
Women in 29.4% of managerial positions

OUR COMMITMENT

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

TOP LINE KPIs AND PROGRESS*

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. Over 80 is the ‘high-performing company’ score that we are targeting.

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 13,600 are over 50 years of age.

*For full detail on our KPIs and progress in 2016 please go to www.tui-sustainability.com

ALIGNMENT WITH UN SDGS
Tourism is much more than sun, sea and sand. For many people in the world it is the key to a more secure and prosperous life. But tourism also brings challenges for man and nature. At TUI Care Foundation we want to strengthen the positives that tourism brings and find solutions to the challenges, in line with the ‘Lead the Way’ pillar of our TUI Better Holidays Better World 2020 strategy.

Thomas Ellerbeck, Chairman of the Board of Trustees, TUI Care Foundation

Established in 2015 as the independent philanthropic charitable arm of TUI Group, TUI Care Foundation this year evolved its 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.

During 2016, the Foundation:

• Launched an interactive portal for potential partners to more easily approach the Foundation with funding proposals
• Set up an Advisory Committee comprising personnel from across TUI Group
• Approved funding for a number of global initiatives across its three focus areas.

In addition to these focus areas, TUI Care Foundation allocates funds for emergency relief where needed.
Some of the projects funded by TUI Care Foundation in 2016:

In the Dominican Republic child protection organisation Plan is training 150 young women and men for roles in the tourism sector through the TUI Academy.

In Zanzibar non-governmental Kawa Training Centre has certified around 30 students as tour guides with 80% finding permanent positions.

In Namibia an ‘introduction to hospitality’ initiative for 20 young women at the National Football Association Girls Centre in Windhoek provided a first step towards employment in the growing tourism sector in Namibia.

In Curaçao children are learning about environmental conservation and waste recycling thanks to Greenkidz Curaçao. Five schools participated in the 2015 pilot, rising to 15 in 2016 and 30 schools are anticipated for 2017. Over the three years of the project it is anticipated the initiative will reach 8000 children.

In Lanzarote Grevislan is employing people with learning disabilities in organic grape cultivation.
For more information about sustainability at TUI Group, visit:
www.tui-sustainability.com

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