



 TUI GROUP

betterholidays
betterworld
2017 REPORT

About this report

This report summarises TUI Group's progress on the third year of the Better Holidays, Better World strategy – reflecting on successes and challenges, and performance data for the 2017 financial year (1st October 2016 to 30th September 2017), unless otherwise stated.

The report is designed to be relevant to a wide audience, including employees, customers, and other stakeholder groups. 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. Further information on our sustainability reporting methodology can be found [here](#). TUI Group's 2017 UN Global Compact Progress Report and the 2017 Modern Slavery Statement can also be found in this report.

FIND OUT
MORE

Go online to find out more
about our sustainability
report and other initiatives
www.tui-sustainability.com





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Welcome to our Better Holidays Better World report 2017.

As we mark the third year of reporting against our Better Holidays Better World strategy, I am struck by the power of tourism as a catalyst for change. Our industry has a critical role to play in helping to conserve unique destination habitats, promote political stability and develop destinations. The group-wide TUI Care Foundation builds on the potential of tourism as a force for good by supporting and initiating partnerships and projects worldwide.

By working with other sectors of society on shared objectives like the UN Sustainable Development Goals, we can accelerate progress in the most effective and impactful way. The tourism industry is an excellent platform for innovative solutions that make a real impact on the ground and I'm proud of how TUI has once again led the way during 2017.

As a driver for economic development tourism supports infrastructure, education, jobs and prosperity in emerging and developed markets around the globe. But sustainability must be a key component of that growth. That's why I'm delighted that in the first three years of our strategy we have delivered over 20 million 'greener and fairer' holidays. Some 80% of our hotels now hold sustainability certifications and we are driving positive change throughout our supply chain.

I was proud to take delivery at Brussels Airport of the first 737 MAX aircraft. TUI Group has ordered 72 new aircraft in total to renew its narrow-body aircraft fleet by 2023, according to current planning. With 14% lower kerosene consumption and therefore 14% less carbon emissions than previous comparable aircraft; the 737 MAX aircraft will help us continue to operate Europe's most carbon-efficient airlines.

Of course delivering our strategy depends on the dedication and commitment of our people. It is our colleagues around the world who are the change agents who realise TUI's vision of travel that broadens horizons, celebrates diversity and puts us at the forefront of sustainable tourism. This report reflects their achievement and commitment.

Fritz Jousen

*Chief Executive Officer
TUI Group*



Highlights



step lightly

- 📍 TUI Airways and TUI fly Germany **ranked #1 and #3 most carbon-efficient airlines globally**
- 📍 TUI's airlines are on average **24% more carbon-efficient** than the 6 largest European airlines
- 📍 **5.5% reduction in CO₂ emissions** per cruise passenger night compared with 2015
- 📍 **€72 million saved** through environmental efficiencies **since 2012**

Find out more on [page 11](#)



make a difference

- 📍 **8.3 million 'greener and fairer' holidays delivered** (in hotels with sustainability certification)
- 📍 **80% of hotels** owned or managed by TUI Group had **sustainability certifications**
- 📍 1,024,000 TUI Collection excursions delivered with **sustainability at their heart**
- 📍 Holidaymakers in our 6 key source markets rank **TUI as the No 1 tour operator for sustainability**

Find out more on [page 21](#)



lead the way

- 📍 **7.3 million Euros raised** to enhance the positive impacts of tourism
- 📍 Over 2 million customers donated to the **TUI Care Foundation**
- 📍 Over **30 TUI Care Foundation projects** in **25 destinations**
- 📍 1st deliveries of the new more efficient **737 MAX aircraft** of 72 ordered

Find out more on [page 31](#)



care more

- 📍 Building the best place to work **with a colleague engagement score of 77**
- 📍 Flexible working environment **with 17% of colleagues working part-time**
- 📍 Supporting a diverse workforce – **women in 34% of managerial positions**
- 📍 Springboard to an international career through the **Global 60** people development programme

Find out more on [page 37](#)

ABOUT TUI GROUP

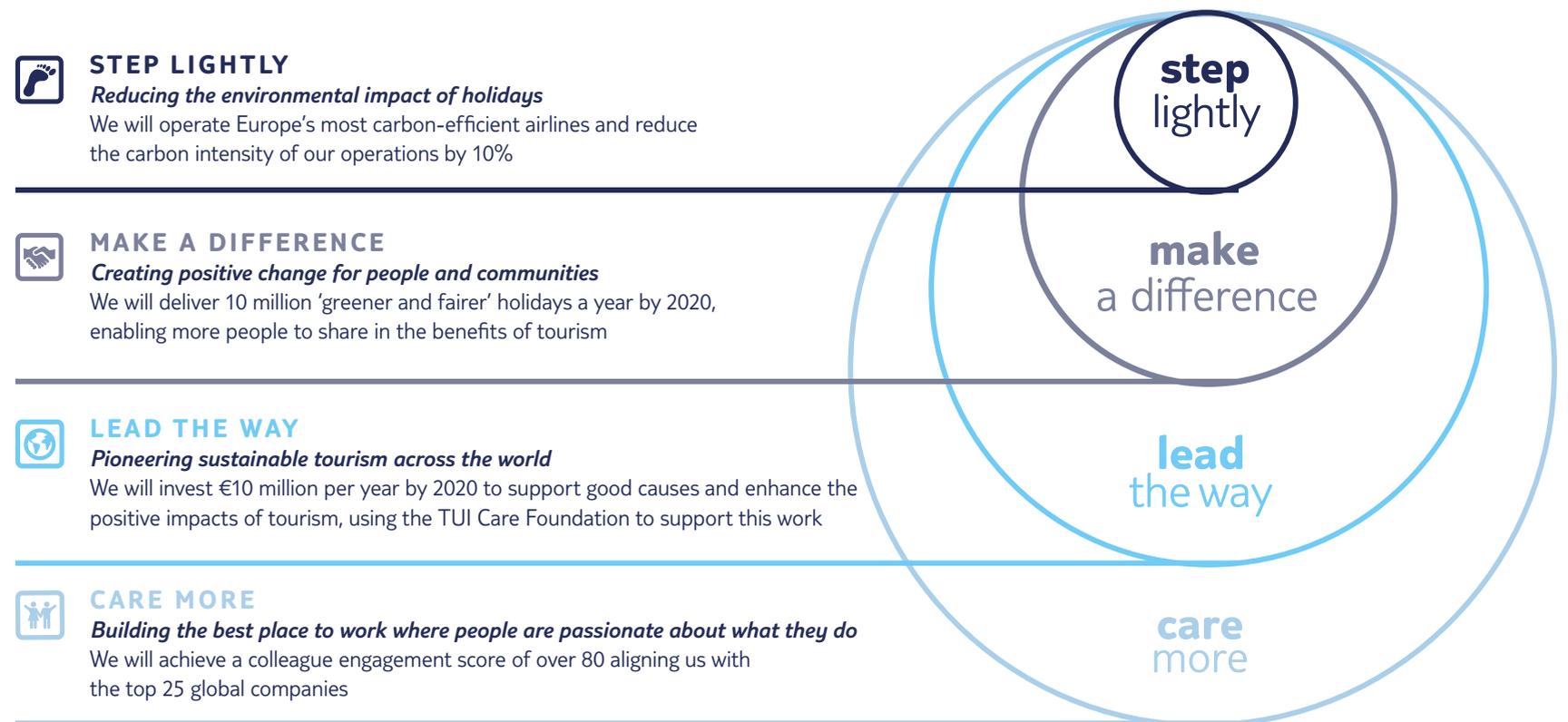
TUI is the world's leading tourism group, comprising leading European tour operator brands, six airlines with modern medium and long-haul aircraft, plus our own cruise liners and hotels. This integrated offering enables us to provide our customers with unmatched holiday experiences.

-  IN MORE THAN **100** DESTINATIONS
-  **380** HOTELS
-  ABOUT **20M** GUESTS
-  **16** CRUISE SHIPS
-  **150** AIRCRAFT
-  **67,000** EMPLOYEES

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.

BETTER HOLIDAYS, BETTER WORLD STRATEGY 2015 - 2020



SUSTAINABILITY AT TUI

MANAGING SUSTAINABILITY

TUI Group has a committed and experienced team of sustainability professionals, working in close collaboration with senior management to help ensure that TUI's business and sustainability strategies are aligned, and advising the TUI Care Foundation on destination project proposals and implementation.



Thomas Ellerbeck

Member of the Group Executive Committee

Group Director Corporate & External Affairs

Chair of Board of Trustees, TUI Care Foundation

“ TUI stands for sustainable tourism

Social and environmental sustainability are two sides of the same coin when it comes to our social responsibility. From the introduction of extremely carbon efficient aircraft to hotels with recognised high environmental standards, from excursions characterised by their sustainability criteria to projects which facilitate vocational training for local youth in the growing tourism sector. TUI's sustainability strategy 'Better Holidays, Better World' stands for a holistic approach to the challenges of more sustainable tourism, across the entire value chain of a holiday. We take our responsibility seriously and create opportunities for people in less developed regions in the world. Children's rights, access to education and training, better prospects for girls and women are key topics for us and the work performed by TUI Care Foundation: established in 2016 as TUI's Group Foundation, now with over 30 projects running in 25 countries. Last year we were able to invest 7.3 million euros in these projects and other sustainability initiatives.

Our work has only just started. We know that we will only successfully drive change and reach better standards if we pursue our goals with energy and persistence. Change needs time, and we want our partners to be able to



trust in our reliability. In 2017 TUI Care Foundation started to implement the "Caring for a Better World" strategy. By 2020, the foundation will work towards three main goals: We are aiming to promote the development of young people, contribute to the preservation of the environment, and above all support families in the holiday destinations in participating to a greater extent in the economic success of tourism.

My visit to a project run by TUI Care Foundation in Crete in the summer of last year clearly revealed this connection. In the framework of the project, we link the three sectors of the local economy: agriculture, viticulture and tourism. The project closely connects 190 wine-growers and olive farmers with the island's hotels. What they all have in common in the framework of the project is that they engage in sustainable production and jointly sell their products to the island's hotels. The project is a showcase for the great potential of tourism for local value creation and employment. The local population thus benefits to a greater extent and more sustainably from tourism.

This is also reflected in our TUI Academies programme. Here young people get the opportunity to develop a successful career in tourism. Often coming from disadvantaged backgrounds, with no prospect of a self-determined future for many of them, a vocational education at a TUI Academy is their first chance of participation in their region's booming tourism sector. Last year we opened a TUI Academy in the Dominican Republic in partnership with Plan International, training 50 young people a year. This concept has also been successfully implemented in Morocco, Tanzania and Namibia.

Education and training are crucial aspects in every society in order for people to successfully take control of their own lives. Tourism and related jobs and tasks offer opportunities and prospects in many countries.



Jane Ashton, Director of Sustainability, TUI Group

“ As the world's leading tourism business, TUI Group has a responsibility to advance sustainable tourism. Our scale gives us the resources, reach and credibility to enhance our industry's positive impacts as well as to influence responsible management of the environment. 2017 marks the mid-way point of TUI's ambitious Better Holidays, Better World strategy, an ideal point at which to reflect on our progress and our challenges.

Carbon efficiency remains a key focus throughout our operations and with over 80% of TUI's carbon footprint coming from our



aircraft, it was gratifying for TUI's Airlines in the UK and Germany to be independently ranked the world's 1st and 3rd most carbon-efficient airlines late in 2017.

Last year saw further strides in our efforts to ensure more sustainable tourism throughout our supply chain and beyond - driving sound environmental practices, fair employment and benefits to local communities and economies. We took over 8 million customers to independently certified 'greener and fairer' hotels, and launched 20 destination projects through the TUI Care Foundation.

Three years into our six year strategy, our goals remain challenging, we remain optimistic that we are on the right track to deliver better holidays for a better world.



SUSTAINABLE DEVELOPMENT GOALS

LAUNCHED IN 2015, THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS) PROVIDE A 'BIG PICTURE' WAY TO VIEW THE MATERIAL IMPACT OF OUR ACTIVITIES. TUI USES THE SDGS AS A BENCHMARK TO ASSESS THE RELEVANCE OF OUR INITIATIVES.

We developed our Better Holidays, Better World strategy to help tackle the key challenges facing our industry and maximise our positive impact.

Our strategy is built around four core pillars where we aim to create change at scale - in our own operations, through our value chain and customers, and across the wider industry and beyond. The SDGs were an important factor in the development of the TUI Care Foundation - our primary platform for funding destination initiatives - and will inform our strategy going forwards.

SUSTAINABLE DEVELOPMENT GOALS

TOURISM AND THE SDGS

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.

A January 2018 [publication](#) from the UN World Travel Organisation and the UN Development Programme on Tourism and the SDGs highlights the links between tourism and the SDGs and provides recommendations on how to navigate towards 2030.

Tourism is closely connected with other sectors and industries along its value chain, giving the industry an opportunity to accelerate progress towards all 17 SDGs. However we focus on seven goals to which we feel TUI can make a meaningful contribution.

LEADERSHIP OPPORTUNITY

As the world's leading tourism business, it is important for TUI Group to show the way in making our sector more sustainable and supporting the UN Sustainable Development Goals. As a global operator connecting people, environments and economies all over the world, the SDGs are both relevant and important to us.

The direct and indirect economic impact of our 20 million customers per year makes a significant positive contribution, on the other hand as Europe's seventh largest airline we recognise our responsibility to act on climate change. We are working hard to mitigate the negative impacts of our industry while also stepping up our positive contribution to achieving the goals.

In 2018, at the half way point in our strategy, we will revisit our materiality assessment in the context of the SDGs. More information on our previous materiality assessment [here](#).

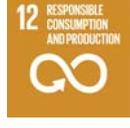


With currently 1.2 billion tourists crossing borders each year, tourism has a profound and wide-ranging impact on societies, the environment and the economy. Representing 10% of world GDP, 1 in 10 jobs and 7% of global exports, tourism has a decisive role to play in the achievement of the 2030 Agenda.

Taleb Rifai, Former Secretary-General, World Tourism Organisation

TUI'S CONTRIBUTION TO THE GOALS



GOAL	CONTRIBUTION
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning for all</p>	<ul style="list-style-type: none"> TUI Group is committed to training and people development with various programmes in place across the Group. By 2020, TUI UK will have 2000 new apprenticeships, in addition to 500 positions each year at TUI Germany and over 250 in the Netherlands and Belgium We aim to empower 10,000 careers through the TUI Care Foundation TUI academies, with academies either set up/or in the process of being set up in the Dominican Republic, Namibia, Tanzania, Vietnam, Morocco and Greece We will support education institutions so that young people and tourism students gain a real understanding of sustainable tourism. Our Better Holidays Detective programme has been rolled out to thousands of students since it was developed
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> We aim to operate Europe's most carbon-efficient airlines by 2020, with TUI Airways and TUI fly in Germany ranked #1 and #3 most carbon-efficient airlines in the world by the atmosfair global index We have carbon improvement targets in place for our airlines, cruise, hotels, ground transport, shops and offices We are investing in new technology such as the 737 MAX aircraft and the latest TUI Cruise ships to drive energy efficiency
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> TUI Group employs 67,000 people in over 100 destinations. Our operations contribute to significant direct and indirect job creation Through our Employee Code of Conduct we uphold the principles of the UN Global Compact and we aim to build the best place for people to work Our Supplier Code of Conduct sets out the minimum standards we expect from suppliers and covers sustainability impacts
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> We aim to deliver 10 million greener and fairer holidays a year by 2020, taking customers to hotels with credible sustainability certifications (8.3 million delivered in 2017) We are making our holiday offerings more sustainable - we delivered over 1 million TUI Collection excursions with sustainability at their heart (up by 31%) We aim to enhance 10,000 local livelihoods through tourism as part of the TUI Care Foundation programme - including supporting sustainable agriculture projects in Greece, Lanzarote and Mainland Spain TUI is part of the UNWTO's sustainable tourism task force for the UNEP 10-year framework for sustainable consumption and production
 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> TUI Care Foundation is working with PLAN International in the Philippines to enhance climate change resilience with training on sustainable farming and fishing for 2,200 families from two vulnerable communities In Mexico, TUI Care Foundation is working with Rainforest Alliance to engage younger generations to protect biodiversity in the Riviera Maya through a teacher training program estimated to reach 600 teachers and 6,000 students
 <p>14 LIFE BELOW WATER</p> <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<ul style="list-style-type: none"> Through the TUI Care Foundation programmes, we aim to protect over 1 million turtles by 2020 TUI Cruises ships' cutting-edge closed loop systems are pioneering protection of the marine environment Over the last few years, colleagues around the world have taken part in our annual beach clean-up campaign with 1,300 cleaning 52 beaches in 17 countries in 2017
 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<ul style="list-style-type: none"> To make 'Better Holidays, Better World' a reality, we collaborate with stakeholders such as customers, suppliers, educational and training establishments, governments and UN organisations to effect change at scale TUI is represented on the board of the GSTC, is part of the UNWTO 10 YFP and participates in the UNWTO Child Protection working group TUI Care Foundation is working with a wide range of international and local partners in destinations around the world

ADVOCACY ACTIVITY IN 2017

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.

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.

EXAMPLES OF OUR PUBLIC ENGAGEMENTS INCLUDE:

COP22 Summit in Marrakesh, Morocco

International Centre for Responsible Tourism conference in Dublin, Ireland

Dutch Travel Fair in Utrecht, Netherlands

ITB (International Tourism Bourse) in Berlin, Germany

Global Sustainable Tourism Council Conferences in Korea and Greece

UN Conference on Trade and Development in Geneva, Switzerland

Biosphere Sustainability conference in Lanzarote, Spain

World Travel Market in London, UK

TUI supports WTM Responsible Tourism programme

In 2017, senior management from across TUI participated in WTM London's extensive three day Responsible Tourism Programme. Garry Wilson, Managing Director Product & Purchasing spoke on the 'Coping with success' tourism panel session at the Ministers Summit. Jane Ashton, Director of Sustainability, spoke on the World Responsible Tourism Day debate on the key priorities for responsible tourism over the next five years. Lucienne Damm, Senior Environmental Manager showcased TUI Cruises environmental strategy as part of the carbon panel. Ian Corbett, TUI UK & Ireland's Sustainable Business Manager, discussed how we are engaging holidaymakers in responsible tourism on two panel sessions. Watch the video [here](#).



TUI is listed on; FTSE4GOOD, STOXX Global ESG Leaders Index and on the Ethibel Investment Register

TUI recognised as a leader by CDP in 2017 for carbon disclosure, management and performance with an A-, ranking us in the top 18% of companies

TUI Group received the RobecoSAM Silver Class Sustainability Award in early 2018

TUI Group ranked in the top three most sustainable large companies in the 2017 German Sustainability Awards

TUI Airways and TUI fly Germany were ranked #1 and #3 most carbon efficient airlines globally in the 2017 atmosfair Airline Index

TUI fly Belgium won the Brussels Airport Environment Award in early 2018

TUI Cruises highly commended in the carbon category of the 2017 WTM Responsible Tourism Awards

TUI Cruises won the EcoTrophea award at the 2017 German Travel Association Awards

TUI Cruises was recognised at the 2016 GreenTec awards for its project 'Sustainable underwater – don't leave a trace'

TUI brands in Sweden and Norway ranked most sustainable travel company in the 2017 Sustainable Brand Index

TUI Nederland won the Sustainable Travel category at the 2017 Dutch Travel Association ANVR Awards for the Kids Council initiative in Curaçao.

The TUI hotel towel study was recognised for the Sustainable Travel category at the 2018 Dutch Travel Association ANVR awards



Reducing the environmental impact of holidays

The future success of the travel and tourism industry depends on the health of our planet. Conserving natural resources and mitigating negative environmental impacts are therefore vital to our business. We are committed to continuously reducing the environmental impact of our holidays, for example by aiming to operate Europe's most carbon-efficient airlines and reducing the carbon intensity of our operations by 10% by 2020.

- 12 | STRATEGY PROGRESS
- 13 | ADDRESSING CLIMATE CHANGE
- 14 | AVIATION
- 17 | CRUISE
- 20 | GROUND OPERATIONS





REDUCING ENVIRONMENTAL IMPACT

TUI AIRWAYS AND TUI FLY GERMANY RANKED #1 & #3 MOST CARBON-EFFICIENT AIRLINES GLOBALLY

*In the 2017 atmosfair Airline Index



TUI'S AIRLINES ARE ON AVERAGE 24% MORE CARBON-EFFICIENT THAN THE 6 LARGEST EUROPEAN AIRLINES

5.5% REDUCTION IN CO₂ EMISSIONS PER CRUISE PASSENGER NIGHT COMPARED WITH 2015



€72 MILLION SAVED THROUGH ENVIRONMENTAL EFFICIENCIES SINCE 2012

AMBITION BY 2020

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

As measured in terms of TUI Airlines' average grams of carbon emitted per revenue passenger kilometre (gCO₂/RPK), benchmarked against industry data, independent rankings, and carbon intensity metrics from our cruise and ground operations (TUI Hotels & Resorts and ground transport).

PROGRESS IN 2017

TUI Airlines' carbon emissions were 66.7g per revenue passenger kilometre (gCO₂/RPK) in 2017 - a 1.3% reduction since 2014, our baseline year. In the 2017 atmosfair Airline Index, TUI Airways (in the UK) and TUI fly Germany were independently ranked #1 and #3, respectively, as the most carbon-efficient airlines globally.

HOW WE ARE DOING AGAINST OUR 2020 COMMITMENTS

AVIATION

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

In 2017 carbon emissions per passenger km were 66.7g CO₂, a decrease of 0.1% compared with 2016 and 1.3% compared with the 2014 baseline.

All TUI's airlines will be ISO 14001 certified.

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

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

Following the completion of a responsible sourcing review, we are in the process of setting targets in 2018.

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

Our airlines continue to sort cabin waste, for example TUI fly Nordic achieved a 96% waste segregation rate in 2017. Waste segregation at Schiphol Airport in Amsterdam has doubled in 2017 compared to 2016, generating 16.8 tonnes of segregated waste.

CRUISE

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

In 2017, carbon emissions per cruise passenger night were 108kg CO₂, a 1.5% reduction compared with 2016 (110kg) and a 5.5% reduction compared to the 2015 baseline (114kg).

All TUI cruise ships will be covered by ISO 14001 certification.

In 2017, all 16 of TUI's cruise ships were covered by ISO 14001 certification.

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

TUI Cruises reduced sulphur by 21.3%, nitrogen by 0.4%, water consumption by 0.2% and waste by 2.0% per guest night. To expand the scope of environmental reporting across our cruise operations, we have included water consumption and waste KPIs for the entire fleet for the first time in 2017. Per cruise passenger night, 14.7 litres of waste was produced and 162 litres of fresh water was consumed.

GROUND OPERATIONS

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

Carbon emissions from 50 major offices totalled 19,345 tonnes of CO₂; 1,600 retail shops generated 9,694 tonnes of CO₂ and 5,594 tonnes of CO₂ resulted from brochure production. This in total reflects a 3.1% reduction compared with 2016 and an 8.1% reduction against the 2015 baseline.

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

In 2017, average carbon emissions per guest night from TUI Hotels & Resorts was 9.2kg of CO₂, a 3.2% reduction compared with 2016 (9.5kg) and a 7.1% reduction compared to the 2015 baseline (9.9kg).

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

In 2017, carbon emissions from our coach transport companies were on average 23.8g of CO₂ per passenger kilometre, a 15.9% reduction compared with 2016 (28.3g) and a 10.8% reduction compared to the 2015 baseline (26.7g).

ADDRESSING CLIMATE CHANGE



Tackling climate change is an urgent global challenge. The goal of the Paris Agreement to limit global warming to below 2°C above pre-industrial levels is ambitious and requires that every industry make a timely transition towards an energy-efficient, lower-carbon future. As a sector leader, TUI has a responsibility to play our part.

Carbon emissions are one of the most significant environmental impacts of tourism. Travel and tourism contribute some 5%* of global carbon emissions – half of this attributable to aviation. The carbon challenge is particularly critical for our industry. Quality holiday experiences rely on beautiful, biodiverse destinations, thriving communities, stable weather systems and customer comfort, all of which are at risk from climate change.

TUI has a significant carbon footprint. Our ‘Step lightly’ strategy aims to reduce the environmental intensity of our operations and sets clear stretch targets for improvement across aviation, cruise, hotels, offices, retail shops and ground transport.

TUI has implemented specific carbon reduction initiatives across the business – from airline and cruise fuel programmes, to retail energy savings and the reduction of printed brochures. Managing our carbon footprint is also good for the bottom line; these initiatives have saved the Group a total of €72 million between 2012 and 2017**.

*UNEP, 2008

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



CLIMATE CHANGE REPORTING

Since 2007, TUI has participated in the voluntary carbon disclosure CDP Climate Change programme. This annual carbon disclosure provides information on TUI Group’s carbon data and management programmes, climate change risks and low-carbon opportunities. TUI Group has been awarded an A or an A- grade for the past four years for the quality of its disclosure and climate change performance. View our reports [here](#).



CORSIA: SETTING GOALS FOR INTERNATIONAL AVIATION



TUI Aviation is in favour of the Carbon Offsetting Scheme for International Aviation (CORSIA), a global market-based measure (MBM) scheme developed by the International Civil Aviation Organization (ICAO), a UN specialised agency. The scheme is one of the industry’s 4-pillar strategy designed to achieve the aspirational goal of carbon-neutral growth from 2020 onwards, reducing net emissions annually so that global aviation net emissions in 2050 will be 50% lower than in 2005. CORSIA is intended to be a complementary measure to the other emission reduction opportunities available to the sector.

TUI Airlines’ emissions have been verified annually by audit and assurance firm PwC for several years. This puts TUI in a strong position for compliance with the monitoring, reporting and verification requirements of CORSIA.

TUI GROUP’S CARBON FOOTPRINT 2017 (CO₂ TONNES)

	2017	2016	VAR. %
Airlines & Aviation	6,115,492	5,842,427	+4.7
Hotels	507,230	510,719	-0.7
Cruises	815,582	686,791	+18.8
Major Premises/Shops	29,511	32,617	-9.5
Ground Transport	15,388	17,751	-13.3
Scope 3 (Other)	73,254	71,713	+2.1
GROUP	7,556,457	7,162,018	+5.5

In the 2017 financial year, TUI Group’s total carbon emissions increased by 5.5%. This is due primarily to growth within the airline operations and the launching of additional cruise ships - Mein Schiff 6 (operated by TUI Cruises) and Marella Discovery 2 (operated by Marella Cruises, formerly Thomson Cruises). Despite emissions growth in absolute terms, TUI has achieved efficiency improvements in each of its key operational segments during the reporting year.

The aviation industry needs to work together to create a cleaner future, including fulfilling IATA’s goal for carbon neutral growth from 2020 onwards. The following strategies will assist the industry to meet these targets:

- Operational measures
- New technology including airframes, engines and sustainable alternative fuels
- Infrastructure focusing on improved aircraft navigation
- Market based measures such as CORSIA

AVIATION

COMMITMENT BY 2020

We will drive environmental improvements across our aviation operations



More than 80% of TUI's carbon footprint is from our aircraft, which brings with it both challenges and opportunities in our efforts to 'Step lightly.' TUI Airlines comprise Europe's 7th largest fleet, with about 150 aircraft across five tour operator airlines serving about 13 million holiday customers each year and also operating Corsair, a scheduled airline.

TUI Airlines is already ranked among the most carbon-efficient in the world* and we have steadily reduced our carbon intensity over the last nine years (by nearly 12%). As we implement efficiency improvements, future reductions become more challenging to achieve. With efficiency measures and fleet renewal, we expect to continue to make progress over the next few years but acknowledge that reaching our commitment to reduce our operational carbon intensity by 10% by 2020 will be a challenge.

In 2017, carbon emissions per passenger km were 66.7g CO₂, a decrease of 1.3% compared with the 2014 baseline. Progress on this target has been hindered by a significant change in TUI's flying programme away from more carbon-efficient mid-haul routes such as Turkey and Egypt to short-haul Western Mediterranean routes, due to a shift in customer demand, with a knock-on effect on carbon intensity. Other factors include changes to our fleet profile and the fact that our scheduled long-haul operator Corsair International's payload consists of both passengers and cargo, which negatively impacts TUI's average per passenger carbon intensity metric.

Going forward we will achieve further improvements through a renewed focus on efficiency measures, and by taking delivery of new, more efficient aircraft such as Boeing 787 Dreamliners and 737 MAX aircraft.

* atmosfair 2017 Airline Index



TUI'S AIRLINES ARE ON AVERAGE 24% MORE CARBON-EFFICIENT THAN THE 6 LARGEST EUROPEAN AIRLINES

Based on publicly available data

In January 2018, TUI Group also started to take delivery of the new, more efficient Boeing 737 MAX aircraft, which is 14% more efficient than previous generation aircraft. This improved fuel efficiency is achieved through the aircraft's engine and aerodynamic design, such as advanced technology winglets. The split winglets of the 737 MAX generate additional uplift through perfect balance and there is no metal leading edge. TUI Airlines will have at least 72 aircraft joining the fleet by 2023 as part of our fleet renewal programme. Watch the video about the arrival of our very first 737 Max in Belgium [here](#).

TUI fly Nordic are the most carbon-efficient TUI airline and from late in 2018 will operate entirely with a new fleet of 737 MAX aircraft.

Modern aircraft also contribute to noise reduction, for example the Boeing 737 MAX is 40% quieter than previous generation aircraft.

QUIETER AND EFFICIENT

TUI Group was the first tourism group to launch the Boeing 787 Dreamliner aircraft. The Dreamliner consumes around 20% less jet fuel than comparable aircraft, due to its lightweight construction, enhanced aerodynamics and fuel-efficient engines. By 2019, TUI will operate 17 Dreamliner aircraft.

GLOBAL RECOGNITION

TUI Airlines' comparative performance was recognised in November 2017 by the independent climate protection organisation [atmosfair](#), which ranked TUI Airways (in the UK) and TUI fly Germany #1 and #3 respectively, as the most carbon-efficient airlines globally against the 200 largest airlines.

TUI AIRLINES – CARBON INTENSITY gCO₂/rpk

	2017	2016	VAR. %	gCO ₂ e/rpk*
TUI AIRLINE FLEET	66.7	66.8	-0.1	67.4
TUI Airways	63.4	63.8	-0.6	64.0
TUI fly Belgium	71.5	71.4	+0.1	72.2
TUI fly Germany	63.5	64.4	-1.4	64.1
TUI fly Netherlands	65.2	64.1	+1.7	65.9
TUI fly Nordic	61.3	61.4	-0.2	62.0
Corsair International	84.3	82.4	+2.3	85.1

TUI AIRLINES – FUEL CONSUMPTION & CO₂ EMISSIONS

		2017	2016	VAR. %
Specific Fuel Consumption	l/100 rpk*	2.65	2.65	-0.1
Carbon Dioxide (CO ₂) - total	tonnes	5,571,719	5,277,065	+5.6
Carbon Dioxide (CO ₂) - Specific	kg/100 rpk*	6.67	6.68	-0.1

* rpk = Revenue Passenger Kilometre

AVIATION



LEADING SYSTEMS

TUI's airlines have pioneered the introduction of environmental management systems based on the internationally recognised ISO 14001 standard. In 2017, each of our five tour operator airlines, accounting for 95% of our aircraft, maintained ISO 14001 certification. TUI fly Netherlands, TUI fly Nordic and TUI Airways (in the UK) have already achieved certification to the latest version of the standard ISO 14001:2015. TUI fly Germany is also registered in the EU Eco-Management and Audit Scheme (EMAS).

ENVIRONMENTAL TEAM

The TUI Aviation Environment & Fuel Team is responsible for aligning the fuel and environmental practices and activities and integrating them into a single TUI Aviation operating policy for TUI Northern and Western Region airlines, including procedures and performance tools. The team drives best practice in fuel and environmental management, providing end-to-end delivery of initiatives and projects to meet TUI Group's sustainability objectives.

STEPS TO EFFICIENCY

TUI Airlines have numerous measures in place to improve carbon efficiency. Apart from the continuous renewal of our aircraft fleet, here are examples of current efficiency measures to support our goals:

- Process optimisation, e.g. single-engine taxiing in and out, acceleration altitude reduction, drag reduction, mass and balance optimisation and wind uplinks
- Weight reduction, e.g. introduction of carbon brakes and water uplift optimisation
- Flight planning optimisation, e.g. alternate distance optimisation, statistical taxi fuel and minimum fuel optimisation
- Constant refinement of fuel management system to improve fuel analysis and pilot communication, track savings and identify further opportunities

TUI FLY BELGIUM SCOOPS AWARD

TUI fly Belgium was honoured with the Environment Award at the Brussels Airport Aviation Awards in February 2018.

The awards recognise airlines and partners which have distinguished themselves in the past year in a number of areas, including environment and safety.

The judges made note of TUI fly Belgium's fleet renewal with the new generation Boeing 737 MAX and their significantly reduced noise footprint, describing them as "exceptionally quiet aircraft."

PAPERLESS AIRCRAFT

In 2017, TUI fly Nordic progressed towards becoming a paperless airline by removing crew briefing packages. They introduced a paperless solution in which flight crews download the operational flight plans and briefing packages to iPads, without the need for printing. Complimentary newspapers will be eliminated in TUI Airways from 1st May 2018.

FOLLOW THE THREAD

After re-branding Thomson Airways to TUI Airways, the old uniforms of Airline and Engineering & Maintenance colleagues were put to good use. With branded tags removed, nearly 2,000 items of clothing were donated to NOAH (New Opportunities and Horizons), a charity which combats homelessness and exclusion, to help vulnerable people attend job interviews.

GOING DUTCH ON WASTE

Waste segregation at Schiphol Airport is now business as usual for TUI fly Netherlands and the segregation amount has doubled from 8.5 tonnes in 2016 to 16.8 tonnes in 2017. We are now finalising arrangements at Eindhoven Airport to introduce a similar waste segregation facility for our recyclable waste. Our environmental team arranged a live twitter stream from the waste facility in 2017 to showcase the waste process.

LEADING THE WAY ON AIRLINE CARBON EFFICIENCY

Our ambition is to continue to operate Europe's most carbon-efficient airlines and reduce carbon emissions per passenger kilometre by 10% by 2020. We plan to achieve this through efficiency measures and by investing in the latest aircraft like the 737 MAX.

66.7G CO₂
PER PASSENGER KM
ACROSS TUI AIRLINES
IN 2017

TUI AIRWAYS AND TUI FLY GERMANY RANKED #1 AND #3 MOST CARBON-EFFICIENT AIRLINES GLOBALLY (2017 ATMOSFAIR AIRLINE INDEX)



ALL FIVE TOUR OPERATOR AIRLINES

ISO 14001 CERTIFIED

TUI'S AIRLINES

ARE ON AVERAGE 24% MORE CARBON-EFFICIENT THAN THE 6 LARGEST EUROPEAN AIRLINES
RETROFITTING AIRCRAFT WITH NEW TECHNOLOGY E.G. FIRST IN EUROPE TO USE THE INNOVATIVE, FUEL-SAVING SPLIT SCIMITAR WINGLETS



INVESTING IN CUTTING-EDGE AVIATION TECHNOLOGY – BOEING 787 DREAMLINER (UP TO 20% MORE EFFICIENT) AND 737 MAX AIRCRAFT (UP TO 14% MORE EFFICIENT)



DEDICATED ENVIRONMENTAL & FUEL TEAMS DRIVE BEST PRACTICE

MODERN FLEET
WITH AN AVERAGE AGE OF 9 YEARS

IMPROVED CARBON EFFICIENCY BY 11.6% OVER THE LAST NINE YEARS

DEVELOPING A TUI SUSTAINABLE AVIATION FUELS

STRATEGY

CRUISE

COMMITMENT BY 2020

We will drive environmental improvements across cruise operations.



TUI Group operates 16 cruise ships across three brands – TUI Cruises, Hapag-Lloyd Cruises and Marella (formerly Thomson) Cruises.

The key environmental challenges for cruise operations are carbon dioxide emissions and air pollution from sulphur and nitrogen particles and other fine particulate matter. We are constantly improving the overall environmental performance of our fleet by investing in new, more fuel-efficient ships, with the ultimate goal of making cruise operations more sustainable.

In the past year we have achieved a further 1.5% carbon efficiency improvement across our cruise operations, bringing our overall reduction in CO₂ emissions per passenger night to 5.5% compared to our 2015 baseline. This is a result of our continuous programme of refits to existing ships as well as ongoing investment in new-build vessels that employ the latest environmental technologies.

CLEANER SHIPS

In July 2017, Mein Schiff 6 went into service for TUI Cruises as one of the most energy-efficient ships of its class. The next two years will see the launch of two new ships in the TUI Cruises fleet. Hapag-Lloyd Cruises fleet is also expanding with two new-build expedition vessels launching in 2019; the Hanseatic nature and Hanseatic inspiration.

The new-build ships in the TUI Cruises fleet save fuel by combining the latest technologies, including:

- Smart energy management system
- Efficient air conditioning
- Innovative lighting controls
- Use of engine waste heat

Thanks to scrubber technology that treats exhaust fumes before they are released, our new-builds have up to 99% lower sulphur emissions. Average sulphur content of fuel has also been considerably reduced year-on-year in 2017. These advanced emission purification systems operate around the clock, and are deployed not only in the designated special emission control areas of the North and Baltic Seas, the English Channel and North America, but also on all TUI Cruises' routes including the Mediterranean, the Orient, Caribbean and Central America.



**TUI CRUISES REDUCED
SULPHUR INTENSITY BY 21.3%
COMPARED TO 2016**

TUI Cruises' ships are also able to operate in a completely closed-loop system, with zero discharge into the sea. TUI Cruises applies this policy in all coastal and Harbour areas as well as in the whole Baltic Sea region. Watch TUI Cruises video [here](#).

NO APPETITE FOR WASTE

Avoiding food waste is an important aspect of sustainable tourism, but there has been little research to date on how food waste can be avoided on cruise liners. In 2017, TUI Cruises investigated the potential for reducing onboard food waste with the travel industry initiative Futouris e.V. and non-profit organisation United Against Waste e.V.. Initial analysis was carried out onboard Mein Schiff 4, with the aim of reducing resource consumption and encouraging crew and guests to avoid food waste.

Using a waste analysis tool and applying various measures onboard led to an overall 17% reduction in food waste onboard the ship. These results, including specific proposals relating to measurement of food waste and best practice measures, will be made available to the entire cruise sector and are now being implemented more widely across the TUI Cruise fleet. In recognition of the project, TUI Cruises was presented the EcoTrophea 2017 award from the German Travel Association. Read more [here](#).

WASTE-WISE AT SEA

A top priority for TUI Cruises is continuously reducing onboard waste. TUI Cruises uses a range of measures including reusable systems, bulk packaging, and dosage and refill systems to reduce waste. Managing waste on vessels is strictly governed by national and international regulations. Environmental officers on board all ships are responsible for the planning, implementation, control and documentation of proper waste disposal according to the International Convention for the Prevention of Pollution from Ships. Waste is separated by type: recyclables such as glass, paper/cardboard, plastics and metal are sorted and partly shredded or compacted on board. All collected recyclables and hazardous or special waste (paint residues, medical waste, etc.) are landed ashore. Read the latest TUI Cruises Environmental Report [here](#).



**17% REDUCTION IN FOOD WASTE
ONBOARD THE MEIN SCHIFF 4**

CRUISE



IN POLE POSITION

In 2017, Hapag-Lloyd Cruises expedition ship, MS Bremen, became the first passenger ship in the world to receive the Polar Ship Certificate. The International Code for Ships Operating in Polar Waters (Polar Code) - adopted by the International Maritime Organisation - contains regulations concerning construction, equipment and training of crews that intend to operate in the polar regions to increase ship safety and ensure environmental protection. The Polar Ship Certificate confirms compliance with the Polar Code, which became mandatory for all ships from January 2018.

The remaining three ships of the Hapag-Lloyd Cruises fleet are scheduled for certification during the first half of 2018. In addition, expedition ships the MS Bremen and MS Hanseatic use primarily marine gas-oil in vulnerable cruising areas such as the Arctic and Antarctica. Hapag-Lloyd Cruises have been using this low-emission diesel well before the legal requirement for its use in these areas came into effect.

HIGHLY COMMENDED

In May 2017, TUI Cruises was recognised at the GreenTec awards for its project 'Sustainable underwater – don't leave a trace'. In partnership with SCORE International, this project educates guests on sustainable snorkelling and diving in the Caribbean to protect unique coral reef habitats. TUI Cruises was also highly commended at the World Travel Market (WTM) Responsible Tourism Awards in 2017 for its wide range of sustainability initiatives and commitment to more sustainable cruising.

ELECTRIC MOTORS

Hapag-Lloyd Cruises continues to equip its vessels with new zodiacs. These motor-driven rubber boats are equipped with Torqueedo electric motors in order to reduce air and noise emissions. Hapag-Lloyd Cruises was the first expedition cruise provider to use this technology, which enables landings in remote expedition areas such as the Amazon or the Antarctic.

SAVING OUR OCEANS

TUI Cruises actively supports species and nature conservation projects in the destinations it visits. During 2017 over 40,000 guests benefited from sustainable outings, where they learnt about regional natural and cultural treasures.

These visits also contribute to conservation as TUI Cruises donates five Euros to local environmental protection projects per booked trip. In 2017, 165 excursions raised €204,300. The money was divided equally among the SCORE International, for a coral protection project in Curaçao, the International Fund for Animal Welfare, and the German marine protection organisation MEER e.V. and Pottwale e.V, with a focus on whale conservation and sustainable whale-watching.

NEW STRATEGY AHOY FOR MARELLA

Following the rebranding of Thomson Cruises to Marella Cruises in 2017, the UK-based cruise business is developing a revised sustainability strategy for implementation in 2018. Areas of focus will include emissions and environmental management, water and waste reduction initiatives, as well as biodiversity and community programs. Marella Cruises has already introduced a range of more efficient procedures and technology, including:

- Single engine running, or drifting on passage, where speeds allow, so that the engines can run at their most efficient speed
- Installing new equipment onboard, from the laundry to air conditioning plant, to cut demand for energy

During 2017, the vessel Marella Dream was retrofitted with digital engine lubricating oil control units, reducing lubricating oil consumption by 20%.

INSPIRING OUR CUSTOMERS

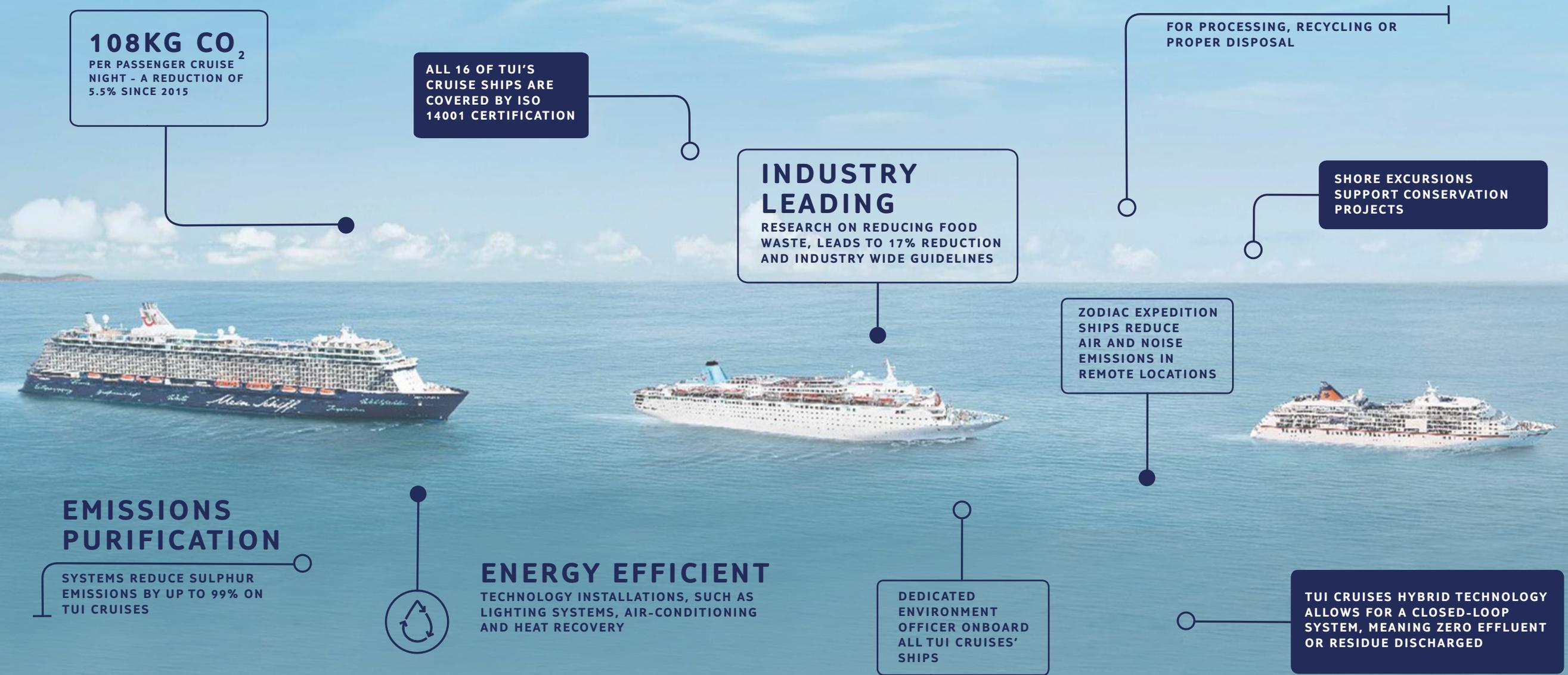
Communication with our customers is an essential part of TUI's sustainability strategy. Marella Cruises have created a guide for passengers with sustainability advice including energy and water saving tips, reducing the need for single-use plastics like bottles and straws, and opportunities to support destination communities. The guide will appear in Marella's onboard magazine for launch in early 2018.



IMPROVING OUR CRUISE OPERATIONS



To make cruise operations more sustainable, we apply the latest technologies to our new build ships and are working across the fleet to improve environmental performance such as reducing air pollution, cutting back waste and tackle other environmental impacts. More fuel-efficient ships help us meet our carbon reduction commitment.



GROUND OPERATIONS

COMMITMENT BY 2020

We will drive environmental improvements across our ground operations



TUI's ground operations consist of major premises, retail shops, brochures and transport vehicles. We have approximately 50 major offices and a retail portfolio consisting of around 1,600 shops throughout Europe. Our ground transport operations sit within Destination Experiences and operate around 300 vehicles. During 2017 absolute emissions from our ground operations (offices, retails & brochures) reduced by 3.1%, whilst relative emissions from our transport vehicles improved by 15.9%, largely due to improved load factors in key destinations.

GREEN ENERGY

In 2017, over 35% of TUI Group's electricity for major premises and retail stores was purchased on a green tariff. With further commitments already in place this figure is set to rise to over 55% in 2018.

During 2017 TUI also rolled out energy monitoring technology across its 600 UK retail stores. In partnership with EnerNoc, a global provider of utility management systems, this technology provides energy consumption data which can be accessed in individual stores via a dashboard. The system provides comparisons with historical usage, enabling tracking of consumption deviations as well as energy savings.



ALL ELECTRICITY FOR RETAIL STORES IN THE UK, GERMANY AND NETHERLANDS WILL BE PURCHASED ON A GREEN ENERGY TARIFF IN 2018

BROCHURES

In 2017 TUI Group further reduced its printed brochures by 7% compared to 2016. Since TUI's brochure reduction baseline year began in 2012, the business has reduced brochure manufacture by two thirds.



THE TUI NORTHERN REGION (NORDICS AND UK) AIM TO BE BROCHURE-FREE BY 2020

SMART BUS SAVINGS

In 2017, TUI Destination Experiences trialed a 'Smart Bus' project in Majorca, making use of on-board screens to provide welcome speeches and health and safety information to TUI's customers. Previously this information was delivered by an airport rep while the bus engines idled, resulting in wasted fuel. Playing the video once all guests have boarded saves both time and fuel and waiting times for customers. The project will be rolled out across all buses in Spain during 2018 and is projected to result in annual fuel savings of 29,845 litres.



make
a difference

Creating positive change for people and communities

Tourism can be a powerful force for good - boosting economies, creating jobs, protecting wildlife and enhancing cultural understanding and tolerance. Through our 'Make a difference' pillar we aim to ensure that local communities share the benefits of tourism and that the environment and human rights are protected along our value chain. We aim to stimulate demand for more sustainable holidays by showing customers how it contributes to a better holiday experience.

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- 26 | REDUCING PLASTIC WASTE
- 27 | DESTINATIONS
- 29 | CUSTOMERS





CREATING POSITIVE CHANGE

AMBITION BY 2020

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

We measure our progress by the annual number of customers we take to hotels with credible sustainability certifications (sustainability certifications recognised by the Global Sustainable Tourism Council).

PROGRESS IN 2017

In 2017, we took over 8.3 million customers to certified hotels.

HOW WE ARE DOING AGAINST OUR 2020 COMMITMENTS

HOTELS

Hotels in our tourism business portfolio will achieve credible sustainability certifications.

We have delivered 8.3 million 'greener and fairer' holidays through 1,220 hotels that were certified to a standard recognised by the Global Sustainable Tourism Council. TUI has also included a sustainability component in contracts with accommodation suppliers setting out minimum standards and the requirement to work towards credible sustainable certification.

We will make sure our hotels can access the right tools, learning and expertise to lead the industry.

We help hotels through sustainability workshops at local and international conferences and Travelife roadshows - five in 2017 - along with consultancy support. Interactive dashboards created in 2017 display and track key hotel sustainability data, including energy, water and waste. The dashboards will be further developed and rolled out during 2018.

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

In 2017, 64% of employees in our owned and international concept hotels were receiving vocational training and there were 3,839 apprenticeships in place; 88% of employees were nationals of the country and 76% of food was sourced from within the country. Average carbon emissions per guest night at TUI Hotels & Resorts and International Concepts was 9.4kg of CO₂, energy consumption per guest night was 26.3 kWh and water use 531 litres per guest night.

DESTINATIONS

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

In 2017, we sold over 1 million TUI Collection excursions (1,024,000) - 271 'unique, authentic

and responsible' excursions in 66 destinations. These excursions are based on local and sustainability elements. TUI has also included a sustainability component in our excursion contracts based on TUI's minimum standards. Our 'TUI Smiling Offices' program also sets minimum sustainability requirements for all TUI Destination Experience offices.

CUSTOMERS

We will communicate about sustainability throughout the customer journey.

In 2017, customers in our six key source markets ranked TUI as the top tour operator for sustainability*. Consumers in Sweden, Denmark and Norway ranked us most sustainable travel company in the 2017 Sustainable Brand Index. Consumer research on sustainability and tourism helped us create new Marketing Guidelines for Sustainability which will be cascaded across the business in early 2018. A customer-facing sustainability video was launched in 2017.

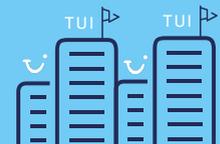
*Annual Travel Trends Research in key source markets commissioned by TUI and carried out by an independent company.

8.3M 'GREENER AND FAIRER' TUI HOLIDAYS DELIVERED

*in hotels with sustainability certifications



80% OF HOTELS OWNED BY TUI GROUP HAD SUSTAINABILITY CERTIFICATIONS



1,024,000 TUI COLLECTION EXCURSIONS WITH SUSTAINABILITY AT THEIR HEART



HOLIDAYMAKERS IN OUR 6 KEY SOURCE MARKETS RANK TUI AS THE NO 1 TOUR OPERATOR FOR SUSTAINABILITY



HOTELS

COMMITMENT BY 2020

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



Our hotels are a core focus when it comes to improving sustainability performance in our destinations. Every hotel plays a role in managing our impacts on the local community, economy and environment. We have found that our most sustainably-managed hotels deliver higher quality and customer satisfaction.

TUI Group owns and operates 327 hotels with 239,000 beds in 30 countries. The core TUI Hotels & Resorts brands are Robinson Club, RIU, TUI Magic Life and TUI Blue. We also work closely with partners on International Concepts hotels (approx. 200 properties) comprising TUI Sensatori, TUI Sensimar and TUI Family Life, each designed for specific customer segments. Many of our markets have 'local concepts' such as the Dutch 'TIME TO SMILE' holiday apartments and the Nordic's 'Blue Star' hotels. TUI's growth plans include expanding our portfolio of owned hotels and International Concepts, and continuing to collaborate with thousands of accommodation suppliers around the world. More info on our hotel portfolio [here](#).

CREDIBILITY THROUGH CERTIFICATION

We expect our own hotels and hotel partners to implement credible, independent sustainability certifications to demonstrate social and environmental good practice. Our ambition is to increase the number of hotels with sustainability certifications to accommodate 10 million customers a year by 2020.

We encourage our hotels to aim for certification that meets the [Global Sustainable Tourism Council](#) (GSTC) standard. A mandatory clause in contracts with our accommodation suppliers outlines minimum expectations and requires them to work towards credible GSTC-recognised sustainability certification.

In 2017, the number of customers staying in hotels certified to a GSTC standard increased by 31.1% to 8.3 million.

This increase reflects improved and adjusted reporting processes, including consolidation of RIU's direct customer numbers, as well as a 4.3% increase in the number of accommodation suppliers who achieved certification to GSTC-recognised standards - to a total of 1,220 hotels. The total percentage of TUI Hotels & Resorts with sustainability certifications increased to 80%.

DELIVERY OF 'GREENER AND FAIRER' HOLIDAYS

2015 – 5.6 million customers
2016 – 6.3 million customers
2017 – 8.3 million customers

20.2 million 'greener and fairer' holidays delivered over the last three years

We are strong advocates of the [Travelife](#) sustainability certification scheme. We play an active role on the Travelife Board and Steering Committee.

With support from the Travelife team, we continue to encourage more hotels to move towards certification. In 2017, we supported five road shows in Jamaica, Aruba, the Dominican Republic, Spain and Crete, attended by over 350 hoteliers, to guide hotels on the benefits of sustainability certification.

MEASURING WHAT MATTERS

Many of our sustainability key performance indicators show improvements in 2017.

Environmental KPIs	FY17	FY16	FY15	% Var. v Baseline
Energy [kWh] per Guest/Night	25.8 (26.3)	26.6 (27.9)	27.2 (27.8)	-5.2% (-5.1%)
CO ₂ [kg] per Guest/Night	9.2 (9.4)	9.5 (10.1)	9.9 (10.1)	-7.1% (-7.0%)
Water [L] per Guest/Night	520 (531)	514 (544)	509 (529)	2.2% (0.3%)
Waste [kg] per Guest/Night	2.2 (2.3)	n/a	n/a	n/a

*Bold figures indicate performance by TUI Hotels & Resorts. Italicised figures also include international concept hotels

Our relative carbon emissions improved year on year due to efficiency measures. Water per guest night showed a slight increase which we are investigating. In addition to measures to control water usage, hotels are finding innovative ways to address fresh water supply problems. For instance, our Robinson Club hotels in Mallorca and the Maldives have installed desalination plants.

Effective waste management aims to conserve resources and reduce environmental impacts and costs through efficiency and recycling practices. Our owned and partner hotels implement various measures to reduce waste, for example through a stronger focus on local procurement and reducing packaging via bulk buying.



SOCIO-ECONOMIC KPIS

% OF FOOD THAT IS COUNTRY-SOURCED	76%
% OF FOOD THAT IS SOURCED FROM THE LOCAL REGION	44%
% OF EMPLOYEES WHO ARE NATIONALS	88%
% OF EMPLOYEES FROM THE LOCAL REGION	62%
% OF EMPLOYEES WHO RECEIVED VOCATIONAL TRAINING	64%
NUMBER OF APPRENTICESHIPS IN PLACE	3,839

*Information from approx. 300 hotels (TUI Hotels & Resorts and International Concepts)

Monitoring and improving the socio-economic contribution of hotels is essential to creating positive change for people and communities. We ask our hotels from TUI Hotels & Resorts and International Concept hotels to provide information on local employment, investment in training and support for the local economy.

BUILDING CAPACITY

We provide extensive support to our hotels to help them meet our BHBW targets and to pursue certification, which is a big part of our commitment to offer 'greener and fairer' holidays.

Here are some of the ways we help our hotel partners raise the bar on sustainability performance:

- Our International Concept hotel conferences included a two-hour sustainability session tailored to their specific sustainability targets.
- The annual TUI Group Product & Purchasing conference included presentations and market stands on sustainability.
- TUI Benelux organised training with a consultant, provided a roadshow to support product managers on sustainability and produced a brochure for product managers to help them engage with hotels.
- The Dutch local concept, TIME TO SMILE apartments, receive a pre-audit visit by TUI, where the hotelier is taken through the Travelife criteria in a practical way, followed by an assessment of next steps.
- TUI's Product & Purchasing Team worked on a 'Green Tracker' programme, which supports hotels with practical guidance through the Travelife certification process. Following the pilot, the tool is now being promoted to hotels.



CHAMPIONING BEST PRACTICE

Across our source markets, we use a variety of ways to recognise those hotels making significant strides in sustainability. In Germany, the long-established TUI Umwelt Champion (TUI Environmental Champion) programme recognised 181 hotels in 2017 for achieving both certification to a recognised sustainability standard and meeting high customer satisfaction scores on environmental performance. In early 2018, TUI Germany awarded Seaside Grand Hotel Residencia

(Gran Canaria) the Premium TUI Umwelt Champion award for its outstanding environmental performance and high guest satisfaction sustainability ratings.

Each year TUI UK and TUI Nordic celebrate the work of their hoteliers with the Northern Region Awards including a sustainability category. This year's winning entry was the TUI Family Life Aegean Blue by Atlantica for their innovative initiative to reduce food waste and their support of local suppliers and surrounding communities.

To mark the UN International Year of Sustainable Tourism in 2017, Travelife launched the Travelife Champions 2017, to raise awareness of Travelife hotels' contribution to development and positive change globally. TUI hotels or partners were recognised in three of the four categories.

THROWING IN THE TOWEL

Research was carried out by TUI Benelux Sustainability Manager, Melvin Mak, at the TUI Magic Life hotel on Fuerteventura to understand what messages are most effective for convincing hotel guests to reuse towels.

The research found that focusing on reinforcing habits, rather than negative messages, helped to reduce laundry. Among the hotel's 700 rooms, the ones that carried the message "Reuse me again tomorrow. Just like at home" rather than the usual more directive notices, increased re-use of bath towels by 11% and hand towels by 13%. Interestingly, the research found that humour had the opposite effect, and that putting humorous signs up was 11% less effective than using no signs at all.

If implemented across a number of hotels, these savings can deliver a big impact and TUI is now considering how to roll this out on a wider scale. This research won an award in the Sustainable Travel category at the 2017 Dutch Travel Association ANVR awards.



WE AIM TO DELIVER 10 MILLION 'GREENER AND FAIRER' HOLIDAYS A YEAR BY 2020

Our hotels are a core focus when it comes to improving sustainability performance in our destinations. Every hotel plays a role in managing our impacts on the local community, economy and environment. We have found that our most sustainably-managed hotels deliver higher quality and customer satisfaction.

MALDIVES SAVING WATER



ROBINSON CLUB

AT THE ROBINSON CLUBS IN THE MALDIVES A SEAWATER DESALINATION SYSTEM ELIMINATES THE NEED FOR PLASTIC BOTTLES TO PROVIDE DRINKING WATER FOR GUESTS AND FOR CARBON-INTENSIVE TRANSPORT OF PLASTIC BOTTLES. CARBONIC ACID IS ADDED TO THE PURIFIED SEAWATER TO MAKE DRINKING WATER, WHICH IS DECANTED INTO REUSABLE GLASS BOTTLES.

ITALY LOCAL PRODUCE



TUI BLUE SELECTION

AT THE NEW TUI BLUE HOTEL IN TUSCANY, WINE AND OLIVE OIL ARE GROWN ON TUI'S OWN ORGANIC PRODUCTION ESTATE, ELIMINATING LONG TRANSPORT ROUTES. SOME 40,000 BOTTLES OF WINE AND 35,000 LITRES OF EXTRA VIRGIN OLIVE OIL ARE PRODUCED ANNUALLY.

COSTA RICA NATURE CONSERVATION



RIU GUANACASTE

THE RIU GUANACASTE HOTEL IN COSTA RICA IS SPEARHEADING LOCAL NATURE CONSERVATION THROUGH ESTABLISHMENT OF A 200 HECTARE WILDLIFE REFUGE. IT CONTAINS 250 FLORA AND FAUNA SPECIES, SOME OF WHICH ARE IN DANGER OF EXTINCTION IN OTHER REGIONS.

SPAIN CUSTOMER ENGAGEMENT



TUI MAGIC LIFE FUERTEVENTURA

TONNES OF TOWELS ARE WASHED DAILY IN HOTELS WORLDWIDE, CONSUMING HUGE AMOUNTS OF DETERGENT. SIGNS URGING TOWEL RE-USE OFTEN DON'T WORK, BUT A NEW MESSAGE TESTED AT THIS HOTEL, 'REUSE ME AGAIN TOMORROW. JUST LIKE AT HOME' RAISED THE BATH TOWEL RE-USE RATE.

8.3 MILLION

'GREENER AND FAIRER' HOLIDAYS DELIVERED IN HOTELS WITH SUSTAINABILITY CERTIFICATIONS

1,220 HOTELS

HOTELS CERTIFIED TO GSTC RECOGNISED STANDARDS

MEXICO PROTECTING TURTLES



TUI SENSIMAR EL DORADO SEASIDE SUITES & SPA

DURING THE TURTLE HATCHING SEASON, HOTEL EMPLOYEES VOLUNTEER ON THE BEACH TO PROTECT BABY TURTLES, RELOCATING EGGS WHERE NECESSARY. SINCE 2012 THIS PROGRAMME HAS HELPED MORE THAN 50,000 BABY TURTLES REACH THE SEA SAFELY.

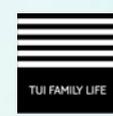
GREECE COMMUNITY SUPPORT



TUI SENSATORI RESORT CRETE

SUPPORT FOR LOCAL BUSINESSES INCLUDES VILLAGE WALKING TOURS AND HOLDING MARKET EVENINGS WHERE TRADERS SELL CRETAN GOODS LIKE OLIVE OIL, WOODCRAFTS AND TEA TO GUESTS. THE HOTEL ALSO DIVERTS EXCESS GREYWATER FROM HOTEL BASINS, SHOWERS AND BATHS TO IRRIGATE LOCAL FARMERS' CROPS.

GREECE TACKLING FOOD WASTE



TUI FAMILY LIFE AEGEAN BLUE BY ATLANTICA

THIS HOTEL ON THE GREEK ISLAND OF RHODES IS FIGHTING FOOD WASTE BY ENCOURAGING GUESTS TO ORDER DISHES IN ADVANCE SO THE KITCHEN CAN PLAN MORE ACCURATELY AND REDUCE THE AMOUNT OF FOOD WASTE. THE HOTEL WORKS WITH REGIONAL FOOD SUPPLIERS TO PROMOTE LOCAL COMPANIES.

80% OF TUI

GROUP-OWNED HOTELS HAD SUSTAINABILITY CERTIFICATIONS

REDUCING PLASTIC WASTE



The alarming rise in plastic waste, particularly in the oceans, is making headlines across the world. Research shows that by 2025 there could be more plastic than fish*. Demand for plastic is growing – expected to double in the next 20 years and almost quadruple by 2050. Yet today, only 5% of plastics are recycled effectively, while 40% end up in landfill and a third in fragile ecosystems such as the world's oceans**.

AN INDUSTRY IMPERATIVE

Growing plastic pollution has a negative impact on travel and tourism, affecting the beaches and oceans that make up our destinations. The industry is being called on to play its part in reducing plastic waste.

TUI Group is conducting an internal review looking at any opportunities to reduce the use of plastics. We will focus on single-use plastic in 2018 and investigate further commitments we can make across our hotels, airlines, cruise, destination services and establish specific targets where possible.

TAKING ACTION

Hotels seeking sustainability certification ([see p. 23](#)) must record the amount of plastic waste they produce; adopt a policy for handling plastic waste; provide guest information on bottle re-use, and reduce packaging from all purchased products. Among those taking action, RIU hotels in Cape Verde use re-usable plastic cups; straws are only given on request and compostable straws will be distributed to their hotels in Europe, Africa and Asia. Hotel Conca Park, recognised as Italy's first zero waste hotel, no longer uses plastic bottles.

* The Guardian, 2016

** Ellen Macarthur, 2016

To reduce plastic, TUI Cruises has glass bottles in the cabins and water dispensers on each floor. Marella Cruises has a 'say no to straws' policy on all cruise ships.

Our airlines have also taken steps to reduce plastic, for example: reduced cable length on headsets; replacement of plastic stirrers with wooden stirrers; and a workshop with Inflight Supply Chain and Inflight Retail colleagues to review onboard plastics usage.



WE ARE WORKING TO AVOID SINGLE-USE PLASTICS

DESTINATIONS INITIATIVES

In what could be the most far-reaching legislation in Europe against disposable products, the Balearic Islands are moving to ban the sale of all single-use consumer plastics by 2020. We are working to avoid single-use plastic on TUI-branded excursions. The TUI Care Foundation Cape Verde waste project focuses on reducing the volume of waste going to landfill from Sal and Boa Vista. Around 20 hotels, restaurants and other businesses are undertaking measures, including providing bottle water alternatives.

NEXT STEPS

Dedicated working groups will be set up in 2018 across our operations to develop measures to address waste and single-use plastics in particular. A group of TUI International Management Graduates are working on a project called #plasticisnotfantastic, looking at further way to reduce single-use plastic in TUI hotels, with trials planned in 2018.

ELIMINATING PLASTIC BOTTLES

Two Robinson Club hotels in the Maldives are making drinking water from seawater, thanks to the hotel's own seawater desalination system. Carbonic acid is added to the purified seawater to make drinking water, which is then decanted into reusable glass bottles. After use, the glass bottles are cleaned locally and refilled, eliminating transport and disposal of about 800,000 plastic bottles annually.



WALKING THE TALK

The TUI Destination Experiences Leadership Conference in 2018 was the first-ever single-use plastics-free team conference. TUI branded reusable stainless steel bottles and five refill stations were provided to over 550 colleagues. This prevented the use of over 5,000 plastic bottles. The initiative will be extended in other parts of the Group to raise awareness and reduce plastic waste.

DESTINATIONS

COMMITMENT BY 2020

Our destination management companies and excursions will meet our sustainability standards



Our goal is to make every TUI's customer experience a more sustainable one that enables more local people to benefit from tourism and where environmental considerations are paramount. Our brand is brought to life via 4.6 million excursions taken each year at over 115 destinations where our 6,500 destination based colleagues look after 12 million customers.

EMBEDDING SUSTAINABILITY

Sustainability is embedded across Destination Experiences Division, in both culture and operations. As our ambassadors, our colleagues in destinations need to understand our sustainability commitments and how to talk with customers about them. Sustainability is an integral part of colleagues' training including topics such as our Better Holidays, Better World strategy, the TUI Care Foundation, more sustainable excursions, child protection, animal welfare, human rights and modern slavery.

In 2017, our Destination Experiences Team also developed a digital game to help employees embed sustainability values and learn about the part they play in delivering the strategy. Sustainability played a prominent role in the annual conference for managers in 2017 and 2018. The 2018 conference, attended by over 50 managers, won positive feedback for being organised as a single-use plastic free event ([see p.26](#)).

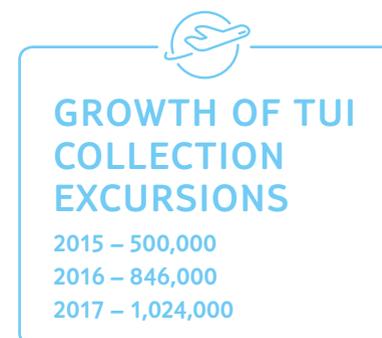
MORE SUSTAINABLE EXCURSIONS

We want to generate thriving destinations that bring sustainable benefits to both customers and local communities. Excursions are a key way for our customers to discover their destination as well as contribute to the local economy. We have incorporated sustainability clauses in all excursion contracts and minimum standards for all excursion concepts.

TUI Collection excursions showcase the value of activities that are unique, authentic and responsible. They were launched in 2014 and are now offered by the majority of our tour operators.

Each TUI Collection excursion must be exclusive to TUI and meet specific criteria for sustainability, demonstrating that it benefits local people and minimises environmental impact. Our customers went on more than 1 million TUI Collection excursions in 2017 (1,024,000) - up by 21% from 2016 - and we offered 271 excursions in 66 destinations.

Watch the TUI Collection video [here](#).



“TUI depends on thriving communities in the destinations. It is therefore important for the local population to benefit from the positive effects of tourism. Our customer satisfaction research shows that our guests value the ‘sustainability’ and ‘authentic local flavour’ aspects very highly.”

Arantxa Garcia, Head of Sustainability, Destination Experiences

ANIMAL WELFARE

A popular experience for our customers is often the opportunity to see and experience local animals.

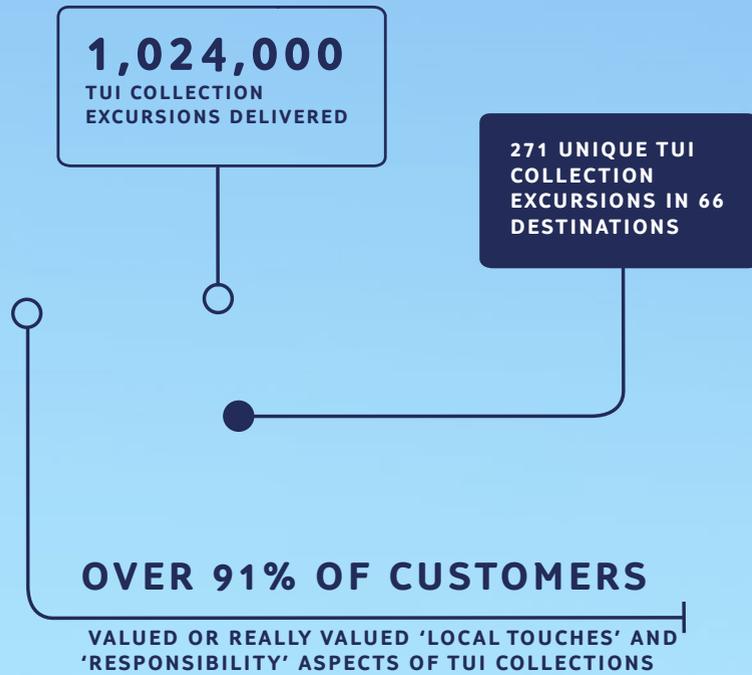
TUI is guided by the latest research and findings on acceptable and comfortable conditions for animals involved in excursions. As a result, we have removed all excursions involving elephant rides or shows.

With our industry peers we are continually improving our insights and TUI audits its suppliers against established sector guidelines agreed in 2013. All suppliers of listed TUI excursions featuring animals must comply with ABTA guidelines (Global Animal Welfare Guidance for Animals in Tourism). In 2017, independent audits of 87 animal attractions featured by TUI were conducted by independent auditors and we are working to review a further 140 in 2018 both via self-assessment and on-site audits. Wherever possible we prefer to work with suppliers on improvement plans, however a number of venues were taken out of the programme in 2017 who did not meet the ABTA standards.

Read more about our approach to animal welfare [here](#).



ONE MILLION TUI COLLECTION EXCURSIONS WITH SUSTAINABILITY AT THEIR HEART



DISCOVER THE HEART OF THE DESTINATION WITH OUR EXCLUSIVE UNIQUE, AUTHENTIC AND RESPONSIBLE EXPERIENCES

UNIQUE

EXPERIENCE THE DESTINATION'S 'MUST SEE' HIGHLIGHTS IN A UNIQUE AND DIFFERENTIATED WAY

AUTHENTIC

ENJOY THE LOCAL TOUCHES OF A DESTINATION AND GAIN AN INSIGHT INTO LOCAL CULTURES AND TRADITIONS

RESPONSIBLE

EXPLORE WHILST BENEFITTING THE LOCAL COMMUNITY AND MINIMISING ENVIRONMENTAL IMPACT

GUIDELINES FOR MORE SUSTAINABLE EXCURSIONS

- MANAGE ENVIRONMENTAL IMPACTS
- ENSURE FAIR EMPLOYMENT PRACTICES
- PROTECT CHILDREN
- MEET ANIMAL WELFARE GUIDELINES
- DINE IN LOCAL EATERIES, OFFER LOCAL CUISINE
- OPPORTUNITIES TO BUY LOCAL PRODUCTS
- INCLUDE VISITS TO PROTECTED AREAS, CULTURAL ATTRACTIONS AND HISTORICAL SITES
- CONTRIBUTE TO A LOCAL PROJECT THROUGH THE TUI CARE FOUNDATION

CUSTOMERS

COMMITMENT BY 2020

We will help customers to create positive change



Embedding sustainability into our brand and raising customer awareness are key priorities. We want to stimulate demand for more sustainable holidays by showing customers how these contribute to a better holiday experience and highlighting the role they can play in creating positive change.

TUI Group launched its international oneBrand campaign in 2016 and by October 2017, all our major European tour operator brands were part of the TUI master brand. Our customers in Germany, the Netherlands, France, Belgium, Sweden, UK and Ireland all now book with TUI. This also gives us an opportunity to further integrate sustainability into the TUI brand. One way to measure progress against our customer commitment is TUI's Annual Travel Trends survey. The 2017 survey showed that consumers in our six key source markets (Belgium, France, Germany, the Netherlands, the United Kingdom and Sweden) consider TUI to be the leading tour operator for sustainability. This underscores the strength of the TUI brand and recognition of our sustainability work.

GAINING CONSUMER INSIGHTS

In 2017, we conducted research across our six main source markets with almost 4,000 consumers to understand their attitudes around sustainability and brands, sustainable holidays and our work with the TUI Care Foundation. See the key findings on [page 30](#).

The results showed a significant increase in customer demand for holiday companies to manage their sustainability impacts and to provide more sustainable holiday products. This aligns with Better Holidays, Better World strategy and spurs on efforts to communicate proactively with customers on sustainability throughout the holiday journey.

Research carried out in early 2018 by TUI UK on the importance of responsible tourism for British holidaymakers underlined the importance for British tourists to give back to local communities. This is more evidence that social and environmental awareness is not just a trend but fast becoming a cornerstone of mass tourism. View the [results](#).

MARKETING SUSTAINABILITY

To enhance customer sustainability communication, we developed 'Marketing Guidelines for Sustainability' in 2017. The guidelines provide examples of how TUI can embed 'sustainability' storytelling and experiences into our brand, reinforce the holiday experience, build trust and improve our brand reputation. The guide also features over 20 visualisations to show marketing colleagues different ways to integrate sustainability across our marketing channels and customer journey. The guide has been rolled out across our markets.

A customer-facing video on sustainability was launched in 2017 and integrated into customer communication channels across TUI. View [here](#).

BETTER WORLD DETECTIVES

The TUI UK & Ireland Better World Detectives programme and its 'Mystery of the Missing Turtles' story aims to help educate the next generation about sustainable travel. The Better World Detectives resources are free, ready-to-use, cross-curricular resources created by TUI UK in partnership with teachers. The modern, multi-sensory resources use video content, Skype calls and WhatsApp messages alongside traditional worksheets to tap into different curriculum learning objectives for 7–11 year olds on how to live and travel in a sustainable way. In 2017, over 3,000 children learned about sustainable travel through [Better World Detectives](#).

ACCESS FOR ALL

It is important to our business that all our customers are able to take advantage of the facilities, excursions and experiences on offer. Our objective is to provide as many people as possible with accessible holidays, and to pioneer development of new products and processes that enhance the ease and comfort of travel.

TUI recently assessed all the services we offer to ensure we are in line with the requirements of the new EU Package Travel Directive 2015, to be implemented 1st July, 2018. Some of these new requirements relate to accessible travel, including a provision that requires operators to label products that are generally suitable for people with reduced mobility. We will continue to focus on improving the information available to customers to ease their holiday booking experience.

- Collaboration: All our source markets helped with the design and implementation of the TUI Accessibility Questionnaire. Hotel partners complete this 70-point survey to provide specific accessibility information which is then shared with customers to inform their choices.
- Specialised customer support: For example, a TUI Germany team organises arrivals and departures, accommodation, transfers and excursions for customers with reduced mobility.
- TUI Accessibility Assessments: The TUI UK Accessibility Manager is visiting over 100 hotels in 2018 to carry out a full review of the accessibility features of key units. The TUI Netherlands will also collect specific accessibility information on their Time to Smile products.
- Cruise business: TUI Cruises website provides extensive information for customers on accessibility, with images and descriptions of adapted cabins and facilities.
- TUI Fly and TUI Airways: Customers with reduced mobility receive on-board assistance, free transportation of mobility equipment and use of an on-board wheelchair, among other services.

MEETING CUSTOMER DEMAND FOR MORE SUSTAINABLE HOLIDAYS

At TUI our involvement in the end-to-end customer journey—from inspiration and advice, to booking, flight, inbound services and accommodation—gives us a great opportunity to integrate sustainability every step of the way.

'I would book more environmentally responsible holidays if they were more readily available'



+17% INCREASE
57% IN 2017
 (40% IN 2012)

'I have a better image of holiday companies that actively invest in environmental and social initiatives'



+14% INCREASE
53% IN 2017
 (39% IN 2012)

'I am prepared to make lifestyle changes to benefit the environment'



+8% INCREASE
68% IN 2017
 (60% IN 2012)

*RESEARCH FROM 2012 AND 2017 IN GERMANY, THE UK, FRANCE, SWEDEN, BELGIUM AND THE NETHERLANDS. MORE THAN 3,000 PEOPLE WHO HAD TAKEN AT LEAST ONE HOLIDAY IN THE LAST TWO YEARS WERE INTERVIEWED ON EACH OCCASION





**lead
the way**

Pioneering sustainable tourism across the world

As the world's leading tourism business, TUI Group has a unique opportunity and responsibility within our industry to advance sustainable tourism. Our scale gives us the resources, reach and credibility to enhance the positive impacts of travel and tourism.

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33 | RESEARCH AND INNOVATION

34 | TUI CARE FOUNDATION





PIONEERING SUSTAINABLE TOURISM

€7.3M RAISED TO ENHANCE THE POSITIVE IMPACTS OF TOURISM



OVER 2 MILLION CUSTOMERS DONATED TO THE TUI CARE FOUNDATION

OVER 30 TUI CARE FOUNDATION PROJECTS IN 25 DESTINATIONS



1ST DELIVERIES OF THE NEW 737 MAX AIRCRAFT UP TO 14% MORE EFFICIENT

AMBITION BY 2020

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.

We will measure this by the amount raised for charity, projects, and investments in initiatives as well as memberships that support good causes and enhance the positive impacts of tourism.

PROGRESS IN 2017

Our businesses, colleagues and customers raised €7.3 million to support good causes and enhance the positive impacts of tourism.

HOW WE ARE DOING AGAINST OUR 2020 COMMITMENTS

On target We will improve our understanding of the impacts of holidays

As one of our TUI Care Foundation projects, we worked with the Travel Foundation to assess and understand how we can increase the benefits for local people and promote local heritage, following two large hotel re-developments in Croatia.

On target Our airlines, cruise operations and hotels will deploy new technologies and practices

- We took delivery in 2017 of the first new 737 MAX aircraft, which are 14% more carbon efficient than previous generations.
- Our cruise ships Mein Schiff 4, 5 and 6 all use the latest closed-loop technology, which means waste wash water is only disposed onshore.
- In the Lab of Tomorrow project, TUI and the German development organization GIZ are addressing better opportunities for young people in the Egyptian tourism industry.

More focus needed We will collaborate on initiatives to scale up sustainable aviation fuels

In 2017, TUI Aviation joined the Bioport Holland initiative and continued our engagement with the Sustainable Aviation Fuels User Group. In February 2018, we took delivery of the first 737 MAX aircraft for our Nordic airline using a 30% blend of sustainable aviation fuel, resulting in one of the most carbon-efficient flights ever performed by that aircraft type.

On target We will invest in empowering young people

- TUI Care Foundation project examples:
- Protecting youngsters from exploitation by building their life skills and providing vocational training in tourism (Dominican Republic).
 - Opening up new perspectives for young women and men to become a tourist guide and build a career (Tanzania).
 - Safeguarding a sustainable future for the next generation by educating local children (Mexico).

On target We will invest in protecting the natural environment

TUI Care Foundation project examples:

- Protecting marine turtles and helping to build turtle friendly environments in holiday destinations worldwide (Worldwide)
- Supporting a sustainable food programme related to food waste reduction in the hotel and cruise sector (Europe).
- Collaborating for sustainable tourism (Cape Verde).

On target We will invest in innovative projects that support thriving destinations

TUI Care Foundation project examples:

- Enhancing the livelihoods of local entrepreneurs by improving their crafts and business skills (Jamaica).
- Empowering young females and offering employment for young Moroccans in a many faceted biking project (Morocco).
- Creating new opportunities for wine farmers on Crete to offer their produce and experiences to holidaymakers (Greece).

RESEARCH & INNOVATION

COMMITMENT BY 2020

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



CONTRIBUTING TO LOCAL COMMUNITIES

Tourism in Croatia is growing rapidly, accounting for over one fifth of annual GDP. To support the sustainable growth of tourism in Croatia, TUI became part of a local stakeholder project bringing together the Travel Foundation (a TUI Care Foundation partner), local residents and industry partners in the Split-Dalmatia county, where two refurbished four-star hotels have opened for Western European tourists.

To address local stakeholder concerns about the impact of redevelopment, a training programme was run to help 20 local businesses benefit from the opportunity. The majority have made changes to their products to meet hotel customer expectations. Over 820 customers participated in the 'Taste the Village' tour showcasing authentic, local food, increasing sales for local businesses. Some 14 organisations from the public and private sectors are now participating regularly in council meetings in both villages and are jointly planning events, promotional activities and new tours. In addition, 17 businesses have changed their products and marketing based on Travel Foundation training.

In another project goal – increased local employment – 60% of youth trained (12 of 20) secured jobs in the tourism sector in 2017. TUI colleagues participated in this project and further opportunities to align the hotels with local community needs are being explored. More information [here](#).

THE LAB OF TOMORROW

The tourism industry is a major part of Egypt's economy: in 2016, it contributed 7.2% of GDP and 6.6% of total employment. To meet the country's aim to increase tourism flows to 20 million by 2020, the

tourism sector will need to double the number of employees and improve their qualifications. In the Lab of Tomorrow, a joint initiative with the German development organisation GIZ, TUI – with the support of the TUI Care Foundation – is tackling the challenges of lack of appropriately skilled personnel and vocational training opportunities, as well as the low participation of women in the labour force.

During 2018 we will be working with the project's public-private partners to develop solutions for these problems, researching, co-creating and piloting new business models on a small scale in Egypt to prove the concepts. Issues being examined include development of hotel management skills; helping young female workers to build a career in tourism, and improving technical and vocational education in the tourism sector to improve quality standards.

With the right approach, we can meet the challenge of more and better skilled staff for the Egyptian tourism sector. Further information [here](#).



SUSTAINABLE AVIATION FUELS

As the aviation industry looks for ways to reduce its carbon footprint, TUI's top priority remains to continue to reduce fuel consumption until sustainable fuels become commercially viable in both economic and quantitative terms. In the meantime, TUI engages in industry initiatives and research programmes such as the Sustainable Aviation Fuel Users Group to help scale up sustainable aviation fuels of the future.

TUI Aviation joined the Bioport Holland, a public-private sector initiative with key stakeholders from the Dutch aviation and biofuels industry. The goal is to work jointly towards continuous production and supply of sustainable bio jet fuel for the Netherlands and Europe, in an effort to scale up deployment of sustainable aviation fuels.

In early 2018, TUI started to take delivery of the new 737 MAX aircraft. Our second delivery flight to our Nordic airline was flown on a 30% blend of sustainable aviation fuel from waste feedstock. This was supplied by EPIC Aviation from AltAir Fuels, the world's first renewable fuels refinery with integrated jet fuel production capability, which achieved RSB certification in January 2018. RSB certification is a preference for many airlines globally to guarantee sustainability and traceability of fuels produced.

TUI is working on a sustainable fuels strategy to identify opportunities for TUI Airlines to support the development of sustainable aviation fuels supply chains.

TUI CARE FOUNDATION

COMMITMENT BY 2020

We will collaborate with destinations on the sustainable management of tourism.



The TUI Care Foundation is the main channel to fulfil our 'Lead the way' ambition to support good causes and enhance the positive impacts of tourism. TUI Care Foundation was adopted as our Group foundation in 2016 to unite our project activities. The TUI Care Foundation is an independent charitable foundation, with a majority of non-TUI trustees.

ABOUT TUI CARE FOUNDATION

TUI Care Foundation builds on the potential of tourism as a force for good by supporting and initiating partnerships and projects that create new opportunities for the young generation and contribute to thriving destinations all over the world.

By connecting holidaymakers to good causes, we foster education and the wellbeing of children and youth, the protection of nature and the environment, and the positive impacts of tourism on people and places in destinations worldwide.

TUI Care Foundation 'works global and acts local'. Through strong partnerships with local and international organisations and by making it easy for holidaymakers to make a difference by contributing to good causes in their holiday destinations, we aim to create meaningful and long-lasting impact. For more info [here](#).

"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 the TUI Care Foundation we want to strengthen the positives that tourism brings and find solutions to the challenges."

Thomas Ellerbeck, Chairman, TUI Care Foundation

In 2017, TUI Care Foundation launched their strategic plan – Caring for a Better World. The strategy sets out the ambitions and objectives around the three fields of engagement from 2017-2020. TUI Care Foundation's approach is to drive tourism as a force for good, while helping to make the world a better place by contributing to the UN Sustainable Development Goals. You can view the strategy [here](#).

CARING FOR A BETTER WORLD

FIELDS OF ENGAGEMENT	AMBITIONS BY 2020	PROGRAMMES	OBJECTIVES
EMPOWERING YOUNG PEOPLE 	We will improve the life chances of over 100,000 children and youth by 2020	TUI ACADEMY creates opportunities with education and vocational training. TUI CHANCES enriches children's lives in local schooling and education projects. TUI FUTURE FUND focuses on emergency relief for children and young people in need when disasters strike in destinations.	We will empower 10,000 careers through TUI ACADEMY We will give 100,000 children better opportunities in life through TUI CHANCES We will reach out to children and youth in disaster situations through TUI FUTURE FUND
PROTECTING THE NATURAL ENVIRONMENT 	We will protect the welfare of over 1m. animals and participate in projects to save resources	TUI TURTLE AID Protecting turtles in destinations all over the world. TUI ELEPHANT AID Safeguarding elephant populations in Africa and Asia by building an elephant friendly future. TUI CLEAN & GREEN focuses on sustainable management of natural resources.	We will protect 1 million turtles through TUI TURTLE AID We will protect 15,000 elephants via TUI ELEPHANT AID We will lead the way with resource initiatives in the field of waste, water and energy via TUI CLEAN & GREEN
THRIVING DESTINATIONS 	We will help enhance 10,000 local livelihoods in destinations through tourism.	TUI CARES ensures that local communities benefit from tourism. It opens up opportunities for entrepreneurs in destinations and helps local communities to create unique cultural experiences for holidaymakers.	We will drive local sourcing, create cultural experiences for holidaymakers and enhance entrepreneurship opportunities in holiday destinations via TUI CARES



EMPOWERING YOUNG PEOPLE

ECOKIDZ, SOUTH AFRICA, TUI CHANCES



Through an interactive education programme in South Africa, the Foundation is supporting over 1500 children near the Kruger National Park learn about Africa's nature, conservation, flora and fauna, and why preserving and respecting the natural environment is so important.



PROTECTING THE NATURAL ENVIRONMENT

BUILDING AN ELEPHANT-FRIENDLY FUTURE, ASIA, TUI ELEPHANT AID



In Asia, the Foundation has joined forces with World Animal Protection to raise awareness of and set guidelines for good elephant care, as well as supporting the development of elephant-friendly venues. The overall aim is to protect 1500 Asian elephants in captivity by 2020.



THRIVING DESTINATIONS

TASTE CRETE, TUI CARES



In Crete, the Foundation is supporting smallholder farmers with threatened livelihoods to preserve their sustainable agriculture methods, as well as helping them gain direct access to the tourist market so they can sell their unique wines and olive oils.

PARTNERS AND PROJECTS

TUI Care Foundation supports and initiates partnerships and projects that fit its strategic framework around three fields of engagement – empowering young people, protecting the natural environment and thriving destinations. All partners and projects must also fulfil specific criteria. The foundation builds strong partnerships with local and international organisations to create meaningful and long-lasting impact. Partnerships are developed with different kinds of organisations, from large, well-established, global organisations to small non-profits and start-ups. Some examples include:

- Plan International - an independent development and humanitarian organisation
- Futouris - the sustainability initiative of the German tourism sector
- The Travel Foundation - an international charity working to maximise the positive impact of tourism
- World Animal Protection - an international non-profit animal welfare organisation
- Sefapane Community Development Fund - founded by Sefapane Lodge and Safaris in South Africa

TUI Care Foundation supports over 30 projects in more than 25 destinations. Please see examples of projects on [page 36](#).

Priority destinations have been identified based on socio-economic development needs in-country, as well as the importance and interest to TUI Group and its customers. In order to maximise impact, projects will often involve TUI Group stakeholders, particularly colleagues from our Destination Experiences, and accommodation suppliers in the destination.

SHOWCASING THE FOUNDATION

A key priority in 2017 was to increase communication with customers, colleagues and other stakeholders about the TUI Care Foundation's work.

A customer-facing TUI Care Foundation video was developed in 2017 and being rolled out in our markets. View [here](#).

We regularly publish stories on the TUI Group website and in our markets, as well as share highlights on social media channels. TUI Care Foundation produces an annual magazine showcasing in-depth articles about the projects.

SUPPORTING THE FOUNDATION

TUI covers the TUI Care Foundation's running costs, ensuring that 100% of all customer donations go to projects. We encourage TUI customers to make a positive difference by donating to the TUI Care Foundation. Examples include:

- TUI UK & Ireland customers can donate when booking their holiday (£1 per adult and 50p per child)
- TUI Germany have integrated an option for customers to donate 1, 3, 5 or 10 Euros to the TUI Care Foundation
- Many of our TUI Collection excursions include a donation to the TUI Care Foundation. By 2020, we aim to have a TUI Care Foundation donation as part of every TUI Collection excursion
- Our Destination Experiences teams organise TUI Care Foundation charity fundraising events for customers while they are on holiday
- Holidaymakers can now donate directly to the TUI Care Foundation. View [here](#)

TUI colleagues have also been active in supporting the TUI Care Foundation. For example, colleagues from TUI Benelux were given the option to give up their end of year gift and donate its value to the TUI Care Foundation to adopt a turtle instead. In 2017, 178 colleagues donated their gift.



TUI CARE FOUNDATION SUPPORT IN THE UK

TUI UK launched TUI Care Foundation (TCF) in the UK in July 2017. Retail training and incentives during August and September included a retail leader board and TCF imagery in stores for customers. On average 46% of customers donate to the Foundation. In 2017 TUI UK raised £2.1m for TCF.



TUI CARE FOUNDATION IN LANZAROTE

Destination Experiences teams around the world hosted fundraising events for TUI Care Foundation in 2017. In Lanzarote, a charity event in August at its excursion venue 'Rancho Texas' attracted over 500 people. TUI colleagues contributed to the raffle, charity shop, face painting, treasure hunt and other activities. A charity auction featured a week in a five-star hotel and a Marella cruise. Tens of thousands of Euros were raised.

CARING FOR A BETTER WORLD

Using tourism as a force for good



WORLDWIDE
TUI TURTLE AID
PROTECTING MARINE
TURTLES AND HELPING TO
BUILD TURTLE-FRIENDLY
ENVIRONMENTS IN
HOLIDAY DESTINATIONS
WORLDWIDE



UNITED KINGDOM
TUI CHANCES
IMPROVING THE QUALITY
OF LIFE OF DISADVANTAGED
CHILDREN



MOROCCO
TUI CHANCES
EMPOWERING YOUNG
FEMALES AND OFFERING
EMPLOYMENT FOR
YOUNG MOROCCANS
IN A MULTI-FACETED
BIKING PROJECT



EUROPE
TUI CLEAN & GREEN
SUPPORTING THE
SUSTAINABLE FOOD
PROGRAMME OF FUTOURIS
RELATED TO FOOD WASTE
REDUCTION IN THE HOTEL
AND CRUISE SECTOR



**DOMINICAN
REPUBLIC**
TUI ACADEMY
PROTECTING YOUNGSTERS
FROM EXPLOITATION BY
BUILDING THEIR LIFE
SKILLS AND PROVIDING
VOCATIONAL TRAINING IN
TOURISM



SPAIN
TUI CARES
PRESERVING UNIQUE
CULTURAL HERITAGE
AND PROVIDING
DISADVANTAGED LOCALS
WITH NEW PERSPECTIVES
IN AN INNOVATIVE
LANZAROTE WINE PROJECT



KENYA
TUI ELEPHANT AID
COMBATTING UNIQUE
WILDLIFE SECURITY
STRATEGY TO COMBAT
POACHING AND HUMAN-
ELEPHANT CONFLICT



GREECE
TUI CARES
CREATING NEW
OPPORTUNITIES FOR WINE
FARMERS ON CRETE TO
OFFER THEIR PRODUCE
AND EXPERIENCES TO
HOLIDAYMAKERS



MEXICO
TUI CHANCES
SAFEGUARDING
A SUSTAINABLE
FUTURE FOR THE
NEXT GENERATION
BY EDUCATING LOCAL
CHILDREN



CAPE VERDE
TUI CHANCES
CARING FOR THE LOCAL
CHILDREN'S SCHOOLING
AND ENSURING THEIR
BASIC NEEDS ARE MET



TANZANIA
TUI ACADEMY
OPENING UP NEW
PERSPECTIVES FOR
YOUNG WOMEN AND MEN
TO BECOME A TOURIST
GUIDE AND BUILD A
CAREER



THAILAND
TUI ELEPHANT AID
BUILDING AN ELEPHANT
FRIENDLY FUTURE FOR
ASIAN ELEPHANTS AND
SUPPORTING
PATH-LEADING,
ANIMAL-FRIENDLY
VENUES



VIETNAM
TUI ACADEMY
OPENING UP NEW LIFE
CHANCES FOR YOUNG
STREET WORKERS
THROUGH EDUCATION
AND TRAINING



JAMAICA
TUI CARES
ENHANCING THE
LIVELIHOODS OF LOCAL
ENTREPRENEURS BY
IMPROVING THEIR
CRAFTS AND BUSINESS
SKILLS



CURACAO
TUI CHANCES
CHANGING THE MIND-
SET OF GENERATIONS
BY EDUCATING
TEACHERS HOW TO
RAISE ENVIRONMENTAL
AWARENESS ON PRIMARY
SCHOOLS



NAMIBIA
TUI ACADEMY
PROVIDING
PROFESSIONAL
TRAINING IN THE
HOSPITALITY SECTOR
FOR DISADVANTAGED
YOUNG WOMEN IN THE
NFA GIRLS CENTRE



**care
more**

Building the best place to work

We want our company to be the best place to work where people are passionate about what they do. 'Care More,' the fourth pillar of our Better Holidays, Better World strategy, reflects the fundamental role of TUI employees as ambassadors of our strategy. Our goal is to reach a colleague engagement score of more than 80 by 2020.

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BUILDING THE BEST PLACE TO WORK

BUILDING THE BEST PLACE TO WORK **WITH A COLLEAGUE ENGAGEMENT SCORE OF 77**



FLEXIBLE WORKING ENVIRONMENT WITH **17% OF EMPLOYEES WORKING PART-TIME**

SUPPORTING A DIVERSE WORKFORCE – **WOMEN IN 34% OF MANAGERIAL POSITIONS**



SPRINGBOARD TO AN INTERNATIONAL CAREER THROUGH THE **GLOBAL 60** PEOPLE DEVELOPMENT PROGRAMME

AMBITION BY 2020

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

PROGRESS IN 2017

In 2017 the TUlgether employee engagement score was 77 points, coming close to our target of 80.

HOW WE ARE DOING AGAINST OUR 2020 COMMITMENTS



Align our employee engagement score with high-performers

In line with our ambition, in 2017, 78% of employees participated in the TUlgether employee survey – up by one percentage point. The engagement index remained at 77 and we are targeting a score of 80 or more in the ‘high-performing company’ range. “Trusted” is one of the three TUI Values and vital for the way we work together. The questions about trust in our leaders are an important part of TUlgether. In 2017, results show that especially trust in the local senior leaders and the Executive Board has further improved – up by two percentage points. This follows the development from 2016.



Create a leadership team reflective of the diverse nature of our business

In 2017, the proportion of women in leadership positions increased from 29.4% to 34.1%, the proportion of women overall went from 56% to 57%. The largest group of employees is between the ages of 21 and 30 and 14.7% are over 50 years of age.



Roll out people development opportunities

The Global 60 programme was launched in 2017 to springboard international careers across TUI Group. To accelerate this process, 64 TUI employees were given the opportunity over one year to make their next career move abroad and get to know the Group from a new perspective. The programme will be developed further in 2018.



Our colleagues will be ambassadors of sustainability

In our TUlgether employee survey encompassing all TUI employees, our colleagues’ view of TUI as an environmentally responsible company achieved a score of 73.

ENGAGEMENT



DR. ELKE ELLER, TUI GROUP HR AND LABOUR DIRECTOR

TUI employees are integral to TUI Group's sustainability strategy. Their satisfaction with the company, engagement and personal development form one of our sustainability strategy's main pillars.

We aspire to build the best place to work, where people are passionate about everything they do. It is our people who make TUI the number one tourism business. Qualified and dedicated employees are a key factor in our company's long-term success. Attracting, nurturing and retaining talent are at the heart of our global Human Resources (HR) strategy.

It is our people who live and breathe our values – 'Trusted', 'Unique' and 'Inspiring.' Alongside our vision and customer promise, our values are the foundation for our actions and attitude. A number of initiatives in 2017, including Great Place to Grow and Global 60 (see p. 41), further embedded our values in day-to-day activities.

In 2017, we launched 15 strategic projects within five key areas: engagement, leadership, people development, organisational effectiveness and HR function development. These include the TUIgether Group-wide employee survey, the oneShare employee share programme and the redesigned employer branding.

GETTING IT TUIGETHER

The TUIgether global employee survey gives every colleague a voice. Held annually since 2015, the survey kicks off a year-long change process, and is a key barometer of where TUI Group stands, what works well and where to focus improvements. The insights and positive changes resulting from TUIgether make TUI more successful as a company—and an even better place to work.

Some 78% of employees invited to take part in the survey in 2017 did so (compared to 77% in 2016). Our target is an 80% response rate.

One key outcome of TUIgether is the Engagement Index. This is calculated from the results for various questions and reflects employees' identification with and engagement in the company. The figure for TUIgether in 2017 was 77, the same result as 2016. This score is well above the global norm of 71% determined by external provider Kantar TNS, which conducts the survey. A clearly defined follow-up process supported at management level, along with accompanying communication, contributed to TUI's score.

Among the survey's wide-ranging questions, employees were asked if they believed TUI to be an environmentally responsible organisation. This question achieved a score of 73, compared to 75 in 2016. This is well above the global norm of 59, however one point lower than the high performing norm of 74. Despite an unprecedented number of internal communications around sustainability in 2017, the result shows that there is still work to be done to raise employees' awareness around TUI's environmental initiatives. We are taking several steps to improve the score, including sharing best practice more widely across the organisation, launching sustainability campaigns, revamping the sustainability champion networks and continuing with dedicated sustainability communications to colleagues.

ONESHARE

The oneShare employee share programme enables employees to share in the success of TUI Group on highly attractive terms. Employees in 18 countries had the opportunity to become TUI shareholders through oneShare on two occasions in 2017, with additional countries to follow in 2019. The programme is designed to allow as many employees as possible to participate, irrespective of whether they work full or part-time, or are still in training. This is in recognition of the fact that everyone contributes to the company's success. The overall participation rate in 2017 was 12.7%, significantly exceeding expectations in the first year of the programme's launch, testifying to TUI employees' long-term confidence in their company.

PERSONNEL BY SEGMENT

	30 SEP 2017	30 SEP 2016 RESTATED	VAR. %
Hotels & Resorts	26,313	24,363	+ 8.0
Cruises*	316	298	+ 6.0
Northern Region	14,196	14,891	- 4.7
Central Region	10,276	10,183	+ 0.9
Western Region	6,523	5,631	+ 15.8
Other Tourism	7,228	6,131	+ 17.9
Tourism	64,852	61,497	+ 5.5
All other segments	1,725	1,744	- 1.1
TUI Group	66,577	63,241	+ 5.3
Discontinued operations	-	3,538	n. a.
Total	66,577	66,779	- 0.3

* Excludes TUI Cruises (JV) employees. Cruises employees are primarily hired by external crew management agencies.

PERSONNEL BY REGION

	30 SEP 2017	30 SEP 2016 RESTATED	VAR. %
Germany	10,274	10,132	+ 1.4
Great Britain	13,354	13,409	- 0.4
Spain	9,607	8,967	+ 7.1
Other EU	20,911	19,933	+ 4.9
North and South America	4,535	3,768	+ 20.4
Other regions	7,896	7,032	+ 12.3
TUI Group	66,577	63,241	+ 5.3
Discontinued operation	-	3,538	n. a.
Total	66,577	66,779	- 0.3

* By domicile of company

As a global player, TUI Group has employees in over 100 different holiday regions. Around 81% of employees were located in Europe by year-end 2017, with some 20% of these based in the UK. Approximately 15% of the workforce were employed in Germany, followed by Spain at around 14%.

DIVERSITY



It is widely recognised that a diverse workforce is a proxy for strong overall management. A diverse organisation better reflects the customers it serves, increases productivity and creativity, improves the ability to attract and retain top talent, and enhances an employer's reputation – all of which provide a competitive advantage. Diversity in the workplace simply makes good business sense.

TUI benefits from all employees bringing their unique characteristics and perspectives to work – irrespective of gender, sexual orientation, physical or intellectual ability, or cultural or religious background – and we try to foster an inclusive culture where all can thrive.

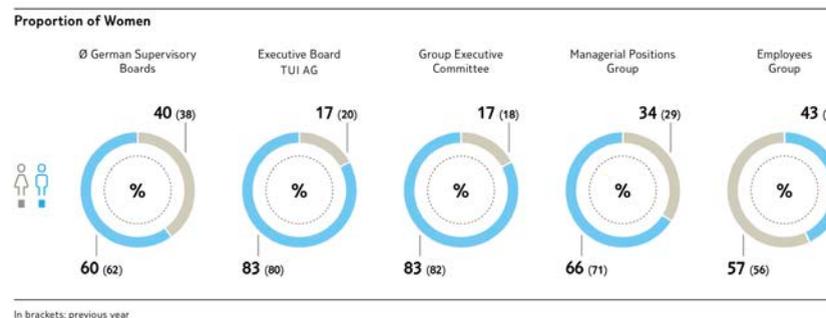
Regarding gender, 56.6% of the workforce across the Group are female, a percentage that slightly increased. By contrast, just 34.1% of managerial staff are female (last year: 29.4%). A key focus of our diversity activities is therefore increasing the percentage of women in management.

The percentage of women in our German supervisory bodies was just under 40% as of September 30 2017 – a year-on-year increase of around two percentage points. More information [here](#).

To help employees reconcile the demands of professional and private life, work - and family life balance is another focus area at TUI. This includes providing flexible working time arrangements such as flexitime, part-time work and sabbaticals, and also mobile working options. In addition, in Germany, we support our employees with childcare and by providing nursing care for relatives. TUI gears all such activities to local needs and circumstances.

GENDER PAY

Reward and remuneration is part of our overall approach to diversity and developing a more diverse leadership team. We are compliant with the UK Gender pay regulations which require businesses with at least 250 employees to calculate their gender pay gap from April 2017 and publish the details by April 2018. The aim of the



legislation is to provide greater transparency of pay practices.

To ensure full compliance with the regulations, we collected broader data sets which showed that all three TUI businesses evaluated (TUI Airways, TUI Retail, and TUI UK) revealed significant differentials between female and male hourly rates of pay and bonuses. This understanding will inform our human resources approach to diversity and inclusion going forward as we tackle these discrepancies.

The TUI UK & Ireland Gender Pay Gap Report 2016/17 can be accessed [here](#).

Making significant change in our gender pay gap will take time. We are committed to increasing the number of females holding senior roles by reviewing and ensuring our attraction methods contain no bias in style, tone and language and are implementing unconscious bias training for our hiring managers. This will not only help us address any gender bias in recruitment, but any other bias that impacts diversity and inclusion in the broadest sense. We aim to reduce occupational segregation and encourage a more even gender split across the organisation. We will review our organisational design, including the full and part-time role balance, and continue the work already started in increasing our female pilot population.

OTHER EMPLOYEE INDICATORS

IN%	30 SEP 2017	30 SEP 2016 RESTATED
Employment structure		
Number of employees	66,577	66,779
Employees, female	56.6	56.0
Females in managerial positions	34.1	29.4
Employees in part-time, total	17.3	18.8
Employees in part-time, female	26.2	28.8
Employees, fixed-term employment contract	30.0	33.1
Age structure		
Employees up to 20 years	5.1	5.3
Employees 21 – 30 years	30.1	30.1
Employees 31 – 40 years	26.4	27.1
Employees 41 – 50 years	23.7	23.9
Employees more than 50 years	14.7	13.6
Company affiliation		
up to 5 years	54.0	54.3
6 – 10 years	14.9	15.8
11 – 20 years	20.8	20.2
21 – 30 years	8.3	7.6
more than 30 years	2.0	2.1

More information about our German business [here](#).

PEOPLE DEVELOPMENT



Our employees make us the number one tourism business. We provide employees with continuous training and diverse career paths. Training programmes and ongoing learning days are closely tied to the operational needs of each business area.

MANAGEMENT DEVELOPMENT

Group-wide programmes such as 'Global High Performance Leadership', 'Horizons' and 'Perspectives' provide targeted managerial development. These programmes identify high-potential talent and build talent pools across national borders. Business-critical functions and key positions are the subject of twice-yearly succession planning.

INTERNATIONAL GRADUATES

TUI Group conducts targeted recruitment for top graduates and builds leadership talent in the Group-wide International Graduate Leadership Programme. The trainees come from various countries. Currently, we have trainees from eleven different countries (Germany, Poland, Sweden, Hungary, Netherlands, Belgium, Slovakia, Austria, Italy, Greece and Estonia). There are currently 23 trainees in the programme; 14 of them are female and 9 male. During the 18 month-programme, trainees complete five assignments in different parts of TUI Group. They have the opportunity to travel internationally, gain first hand insights into the company and are able to take on their first management tasks. Over 1,000 graduates apply for each phase of the programme, which has two starting dates every year in spring and autumn. Over 100 trainees have taken part since the launch in 2007, and many of them now hold managerial responsibility within TUI Group.

GREAT PLACE TO GROW

We want TUI to be a 'Great Place to Grow' where employees and management have an ongoing dialogue and where our company values are embedded in colleague's day-to-day work. This management approach has already been successfully implemented across many parts of the Group and is now being introduced in most

German TUI companies in 2018. The result is a uniform, Group-wide approach to employee performance, career planning and development. In Germany, around 3,500 employees have been invited to take part in classroom training and online learning. Great Place to Grow is supported by TUI People, a global, cloud-based IT solution. Initially rolled out across our German companies, this is being gradually developed into the central hub for HR processes at the interface between the company and our employees.



DIGITAL SAFARI TUI NORDIC

Digitalisation and innovation are key to future growth at TUI, enhancing the way holiday-goers receive relevant information and offerings at every stage of their journey. To make the full spectrum of digitalisation tangible, in 2017 TUI Nordic held a 'Digital Safari' for employees over four stories of its Stockholm offices. Attendees were able to actively experience current digital developments and innovations, via presentations on topics ranging from blockchain technology to big data and machine learning and a demonstration of the TUI corner AI/SMART Assistant. This is an artificial intelligence tool that can be integrated into Google Home and makes it possible to search for holidays solely using speech commands. Digital Safari is one example of how TUI is preparing employees to seize the opportunities of the digital age.



GLOBAL 60

TUI is global by definition. We bring visitors to over 100 different holiday destinations. To support our vision of making travel experiences special and to support the strategy of being a global business, we need colleagues with international experience to deliver this ambition.

The Global 60 project was launched in 2016 with the aim to move 60 TUI employees into a new international opportunity. The vision of this project was to support TUI employees interested in gaining international experience by offering them the opportunity to immerse themselves in another country's culture, bringing fresh ideas to their new teams and gaining a new and different perspective of TUI Group. Over the course of the financial year, 64 TUI employees made their next career move into a new country, gaining cultural and professional knowledge.

In December, 34 of those colleagues met for the Global 60 Conference in Hanover to discuss the opportunities and challenges of an international career at TUI as well as how to make an this business as usual in TUI. CEO Friedrich Jousen, HR Director Elke Eller and Executive Board members David Burling and Horst Baier joined in to discuss the future development of Global 60 with participants. The conference was seen as a success by the participants and the Executive board with a number of recommendations being made some of which are already being actioned for example: changing the name of the project to Global 360 to reflect the international nature of TUI and to create a global mindset. Other suggestions included offering employees the opportunity to take on international assignments to focus "on the job learning" – still in their existing role but learning from peers in a different country; greater peer to peer support for those moving into an international career – a "buddy system" was created to provide practical support as well as a social media platform for networking to take place. Watch the video [here](#).

EMPOWERING COLLEAGUES



Engaged and empowered colleagues naturally see their role in bringing our Better Holidays, Better World strategy to life. Communicating about our challenges and achievements, setting up champion networks, making sustainability part of training, and providing opportunities to support good causes are all ways we invite colleagues to be ambassadors on our sustainability journey.

KNOWLEDGE IS POWER

Raising awareness about sustainability is the first step. From intranets, newsletters and videos, to blogs, town halls and dedicated initiatives, we are getting the word out to colleagues. For example, in 2017, TUI Netherlands ran 'inspiration sessions' for colleagues where external partners spoke about their work and collaboration with TUI. A town hall in Germany focused on the launch of the TUI Care Foundation customer donation mechanism. TUI UK held a session with acclaimed activist, adventurer and TED talk speaker Rob Greenfield.

Sustainability is embedded in training across TUI, from inductions and training manuals to management development programmes. For example:

- Sustainability e-learning modules have been developed for both the Netherlands and Belgium. TUI UK rolled out two new e-learning on the Better Holidays, Better World strategy and TUI Care Foundation in March 2018
- Our international graduates work on a sustainability challenge during their 18-month placement—for example, one of our latest cohort of graduates are working on a reducing plastic project ([see p.26](#))
- Destination Experiences have integrated sustainability into management conferences, service manuals and developed a digital game
- Modern Slavery training was rolled out in 2017 ([see p.45](#))
- TUI Germany retail colleagues receive training on the TUI Care Foundation to support rollout of the customer donation mechanism
- In 2017 we announced the TUI Management Degree Apprenticeship, a partnership with the University of Hertfordshire in the UK. Candidates will work fulltime for TUI in a variety of roles while completing a tailor-made degree that includes sustainable tourism

WE ARE THE CHAMPIONS

Sustainability champion networks across our businesses help engage colleagues on sustainability, deliver elements of the strategy and support charitable activities. TUI UK and Ireland's Better World Champions network spans TUI Airways, retail and office locations. Champions and other colleagues meet in person and stay in touch via a dedicated Facebook site with over 500 members. 2018 will bring renewed focus to champion networks at TUI Germany and TUI Benelux.

FOLLOW THE LEADER

Individuals and teams of colleagues are recognised for special contributions to sustainability. For the second year in a row, Destination Services included a Global Sustainability Award at their annual Manager's Conference. In 2017, Lanzarote Destination team won the award for their contribution to sustainability and the TUI Care Foundation. TUI UK & Ireland's annual recognition awards have included a sustainability category since 2014.

VOLUNTEERING

Volunteering programmes are a powerful way to engage our colleagues in sustainability and good causes. For example:

- In 2017, TUI UK & Ireland's volunteering scheme 'Project Discovery' in partnership with the Travel Foundation matched colleagues' skills with sustainable tourism project needs. Twelve colleagues took part in projects in 2017, and since 2007, more than 117 volunteers have taken part
- Colleagues from our HQ and TUI Germany offices in Hannover volunteered in 2016 and 2017 to deliver language training to refugees. In total, more than 20,000 lessons were taught to more than 500 refugees
- The UK business offers every employee a Discovery Day each year. In 2017 over 1,000 hours were dedicated to volunteering. Activities included clearing garden spaces, painting schools and supporting foodbanks



BEACH CLEAN CAMPAIGN

For the fourth year in a row, our Destination Experiences colleagues held a 'Big Holiday Beach Clean', asking teams to organise a beach clean in their local area. It supports the ABTA-led 'Make Holidays Greener' campaign to keep destinations clean for future guests. In 2017, over 1,350 colleagues helped clean 90.5 km of coastline at 52 beaches in destinations such as Mexico, Cape Verde, Curacao and Cyprus. Over 1,100 bags of rubbish were collected, a total of 4,489kg of rubbish.

Colleagues from TUI Benelux also organised beach cleans in the Netherlands and Belgium in September 2017 to mark the UN Year of Sustainable Tourism and World Tourism Day.

SECURITY, HEALTH AND SAFETY



As the leading integrated, global tourism group, TUI's operations take in holiday destinations stretching from Europe to the Caribbean and South-East Asia. Events in all geographies can have direct impact on our customers, employees and business processes, as well as our values. In 2017, we were confronted with a wide range of situations, ranging from social unrest in Barcelona and terrorist attacks in the UK, to an earthquake in Greece and wildfires in Southern Europe and the US. Our prevention measures aim to minimise negative effects, manage crisis situations and extreme events quickly and effectively, and respond professionally when the need arises. These measures reflect the core pillars of our corporate values – Trusted, Unique, Inspiring.

TUI Group takes an integrated approach to Security, Health & Safety, with a network of divisions overseen by a Group Security department created in 2016. Efforts are underway to embed this integrated approach more extensively across the TUI Group.

EMPHASIS ON PREVENTION

Standards and management practices are key in ensuring a systematic, integrated approach to Security, Health & Safety across the TUI Group. Our focus is on prevention, with the aim of avoiding potential risks at the earliest opportunity to minimise damage or loss. We continuously monitor global trends and assess social, environmental and governance-related events in the regions where we operate. We are introducing Group-wide security, safety and hygiene standards for TUI Hotels and Resorts, including both physical and procedural aspects. Compliance is regularly evaluated through Group-wide interlinked reviews by accredited external auditors.

READY TO RESPOND

Our professional crisis management system is designed to international standards and incorporates expert knowledge from other industries as well as processes and reaction mechanisms from government agencies. It ensures that we can respond rapidly to unexpected and sudden events. This proved particularly effective during the Hurricane season in the Caribbean during Hurricane Irma in 2017, which left a trail of destruction across the island of St. Martin, the Dominican Republic, Cuba and Florida. Our holistic crisis response mechanism saw us take timely action to move thousands of holidaymakers and employees to safety and provide them with assistance.

COOPERATING FOR QUALITY

High quality security, health & safety processes require continual assessment, development and enhancement. That is why, in addition to management systems and training exercises, we collaborate closely with others in high risk destinations and source markets such as security and disaster management authorities - including foreign ministries, the police and medical facilities, as well as research institutions involved in crisis prevention.

HEALTHY EMPLOYEES

Caring for our employees' health and wellbeing and valuing them is at the heart of our corporate values. Our Corporate Occupational Health Management (COHM) system takes a two-pronged approach:

1. Ongoing compliance with prevailing occupational health and safety regulations, with voluntary commitments that exceed the standards required by law—for example signing the Luxembourg Declaration and embedding the TUI Leadership and Feedback Culture right across the Group
2. Our portfolio of preventive health measures for different target groups, including preventive healthcare, mental health intervention, exercise and sport, wellbeing, inclusion and support for better work-family life balance

In Germany, TUI AG is an active member of the Corporate Health Network and has achieved ratings in the excellent category every year since 2009 in independent external corporate health audits. TUI AG won the Corporate Health Award in 2010 and more recently in 2017.

In line with TUI Group's Healthy Leadership Essentials, managers are informed of our basic health requirements at management training seminars held every two years. Among these are self-awareness and responding to the needs of employees whose health is impaired.

Building on experience gained in occupational health management in Germany, we are establishing a Group-wide Corporate Occupational Health Committee. The current focus is to put structures in place to provide optimal occupational safety, corporate occupational health promotion, leadership and feedback culture, with the ultimate aim of establishing an integrated occupational health management system that works everywhere in the world.

MODERN SLAVERY STATEMENT 2017

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 2017.

INTRODUCTION

Modern slavery and its components of forced labour and human trafficking are a growing concern around the world. Ensuring that internationally proclaimed human rights, as specified in the International Bill of Human Rights, are respected across our business and by our suppliers and business partners in accordance with applicable law, conventions and regulation, is an important priority for TUI Group.

This is TUI Group's second modern slavery statement. It describes how we are working to identify, mitigate, and prevent modern slavery in our operations and supply chain. Since publishing our first [statement](#) in March 2017, we have continued to work towards the eradication of modern slavery by conducting risk assessments and due diligence, strengthening our procurement processes, raising awareness amongst our colleagues and partners, as well as developing training and reporting processes.

As a signatory since 2014 of the UN Global Compact's 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption, TUI is committed to upholding human rights throughout its worldwide operations. To support this, we have put a number of policies and initiatives in place to help prevent negative impacts on human rights in line with the UN Guiding Principles on Business and Human Rights, including taking remedial action where necessary. In 2012 we also signed the UN World Tourism Organisation's (UNWTO) Global Code of Ethics, further underlining our commitment to respecting human rights.

ABOUT TUI GROUP AND OUR SUPPLY CHAIN

TUI Group is the world's number one tourism business. The Group's portfolio encompasses tour operators, 1,600 travel agencies and leading online portals, 16 cruise liners, 6 airlines with around 150 aircraft, destination management companies in holiday destinations around the globe and over 325 hotels with 239,000 beds, mostly in Europe, but also worldwide, i.e. North Africa, Turkey and the Caribbean. This integrated offering and the dedication of our 67,000 staff enable us to provide unforgettable holiday experiences to 20 million customers annually across 180 destinations. To find out more about the nature of our business, please click [here](#).

In the 2017 financial year, the TUI Group recorded turnover of €18.5 billion and an operating result of €1.1 billion. TUI Group is listed on the London Stock Exchange in the FTSE index and in the Quotation Board of the Open Market of the Frankfurt Stock Exchange.

A key feature of TUI Group's corporate culture is our global responsibility for economic, environmental and social sustainability, reflected in more than 25 years of environmental reporting and engagement along the sustainable tourism value chain.

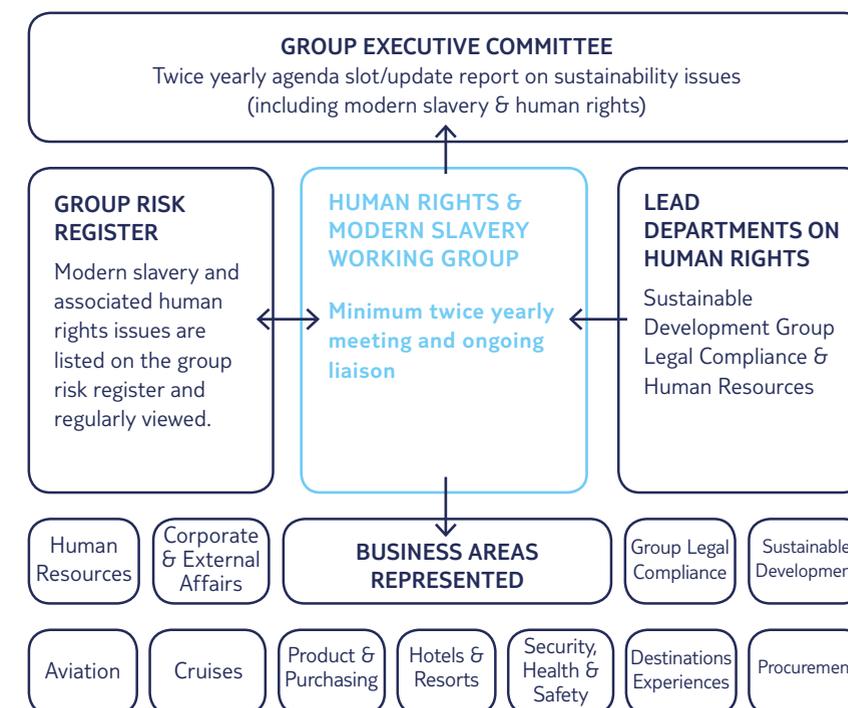
TUI Group's supply chain covers thousands of suppliers in more than 90 countries, ranging from manufacturers of aircraft and cruise ships, through to the laundry and other services provided to our hotels, tourist guides and other services our customers use in destination. Our biggest supplier category is our hotel partners, accounting for over half of our direct operating costs—a key reason for prioritising accommodation suppliers in our risk assessment.

MANAGING HUMAN RIGHTS AND MODERN SLAVERY

TUI Group recognises the importance of robust governance in preventing, detecting and remedying human rights abuses. TUI collaborates with others at the global level to address human rights and modern slavery in our industry. For example:

- We sit on the Boards of the [Global Sustainable Tourism Council \(GSTC\)](#) and [Travelife](#), both of which are addressing these issues through sustainability certification standards for hotels
- We are a member of the UNWTO Child Protection Task Force, and TUI Group and RIU are Top Members of the Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism

In 2017 we extended our human rights and modern slavery governance structure:



POLICIES AND PROCUREMENT PROCESSES

TUI Group has a number of policies focused on the prevention of human rights violations and modern slavery. Our Employee [Code of Conduct](#) commits us to respect and observe human rights, while our [Supplier Code of Conduct](#) sets out the minimum standards we expect from suppliers and their employees, sub-contractors, agents and subsidiaries when working on our behalf. Among other things this code includes guidance on human rights and labour laws, bribery and corruption, environmental impacts and support for local communities.

In 2017 we extended our supplier sustainability requirements by adapting our [standards for accommodation suppliers](#) to cover other areas of procurement, such as goods and merchandise purchasing. These requirements include an explicit obligation for our contractual partners to also make their suppliers aware of obligations in the contract. Our hotel suppliers are also required to implement credible third-party sustainability certifications recognised or accredited by [GSTC](#), including human rights criteria and issues relating to modern slavery.

RISK ASSESSMENT AND DUE DILIGENCE

We recognise that there is a risk of modern slavery in areas of our business and supply chain where there are migrant, low-skilled labour, young workers and outsourced workers.

In 2017 we continued to assess our operations and supply chain to better understand our modern slavery risks. We used the [Global Slavery Index](#) to help prioritise high-risk destinations, as well as taking into consideration product and industry risks, supply chain complexity and workforce characteristics. This risk analysis was used to inform rollout of colleague training (see Training, below), and expand destination stakeholder initiatives (see Destination Stakeholder Initiatives, below).

To encourage a culture of empowerment, accountability and transparency, TUI Group also operates a SpeakUp Line to ensure a confidential reporting channel is available for all our employees.

In 2017 57 reports were received, none of which related to modern slavery. We continued to raise awareness of SpeakUp through various communication channels to encourage our colleagues to report any infringement of our policies.

ACCOMMODATION SUPPLIERS

A key tool for managing risk and driving performance across our accommodation supply chain is through credible third party sustainability certification.

In 2017 we worked closely with [Travelife](#), a GSTC-recognised certification body, to investigate human rights and modern slavery issues in high-risk destinations, including expanding audit criteria covering these issues and creating destination analysis reports based on hotel audits. The number of TUI customers staying in a hotel certified to a GSTC-recognised standard grew to 8.3 million and the number of hotels with certification increased by 4.3% to 1,220 hotels.

In 2017 we continued to encourage more hotels to move towards certification. We worked to raise awareness of modern slavery at four TUI hotel partner conferences, and supported Travelife with five road shows (Jamaica, Aruba, the Dominican Republic, Spain and Crete) to help hotels understand what certification entails and how to meet the challenge. Over 350 hoteliers attended these sessions, with senior TUI managers attending to explain TUI's sustainability strategy and our aim to deliver 10 million 'greener and fairer' holidays per year by 2020.

NON-ACCOMMODATION SUPPLIERS

For suppliers not related to accommodation or transport - our so-called indirect vendors - we have developed a risk-based due diligence approach to identify and address potential modern slavery issues and ensure compliance with global legal and regulatory standards, taking into account supplier factors such as industry, geographic location and jurisdiction.

When purchasing TUI-branded supplies for in-destination use, such as uniforms and branded merchandise, we also give preference to 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.

In 2017 our due diligence approach was expanded to more indirect procurement categories and around 27,000 third-party suppliers were checked against a third-party due diligence programme for compliance with global legal and regulatory standards, and for identifying adverse media relating to regulatory breach, including breach of human rights.

TRAINING

A key focus for TUI Group is raising awareness of modern slavery across our business. *In 2017* as well as developing bespoke training sessions and material on modern slavery, we produced a modern slavery video. You can watch it [here](#).

Further examples of training include:

- TUI Destination Experiences colleagues already receive regular child protection training. In 2017, we developed modern slavery e-learning to train colleagues to be the eyes and ears of the company. Initially piloted in high-risk destinations such as Thailand, Vietnam, Indonesia, Dominican Republic and Mexico, rollout in more destinations will continue in 2018
- All crew members of TUI Airways in the UK participate in Vulnerable Children & Trafficking Training during induction, learning how to spot and report trafficking. In 2017 we refreshed this training under the supervision of the UK Border Force, rolled it out in our Scandinavian airline TUI fly Nordic, and are adapting the training for our German airline. Our colleagues in the Netherlands are also working with Dutch police to create crew training covering various topics, including trafficking
- Chartered Institute of Procurement and Supply (CIPS) training includes key guidance on human rights issues in supply chains. In 2017 an increasing proportion of our procurement teams undertook this training
- [Stronger Together](#) is a multi-stakeholder business-led initiative that is working with [ABTA](#), The Travel Association, to create industry-wide guidance on reducing modern slavery, particularly forced labour, labour trafficking and hidden third-party exploitation of workers. Stronger Together is working to incorporate TUI's modern slavery training into the creation of ABTA industry guidelines

DESTINATION STAKEHOLDER INITIATIVES

TUI Group recognises that in various parts of the world, tourism has regrettably become associated with child sexual exploitation. This is unacceptable and through our

contractual and certification processes we are seeking to ensure it does not happen within our operations, or those of our business partners.

We are also taking steps to support adolescents and young children at risk of trafficking and/or commercial sexual exploitation. Based on feedback from stakeholders and issues identified by our risk assessments, the [TUI Care Foundation](#) is supporting a number of projects, for example:

- **TUI CHANCES Mexico and Thailand: Protecting children in tourism (2017-2019)** In Mexico and Thailand, in collaboration with private tourism businesses, NGOs, local communities and governments, we have initiated multi-stakeholder projects to improve protection of national and migrant children from sexual exploitation
- **TUI ACADEMY Vietnam: A brighter future for disadvantaged children and youth in Hue city (2017-2020)** In Vietnam, we are providing education and training to help young vulnerable street workers improve their lives, including providing 350 young people with vocational training. Some 180 street workers will take part in hospitality training in a social enterprise training restaurant being set up in Hue city
- **TUI ACADEMY Dominican Republic: A better future for Dominican youth (2016-2019)** Our [project in the Dominican Republic](#) aims to promote the social, economic and personal empowerment of adolescents and youth at risk of exploitation. The first 50 students (of which 45 are girls) are in the final stages of their studies and the second group of 50 students is currently being recruited. You can watch a video [here](#)

RESPONSE TO CAMPAIGNS

MIGRANT LABOUR

In recent years human rights NGOs have reported alleged poor working conditions for migrant staff in the hotel industry in Thailand. Such practices are of great concern to TUI; we believe in fair working conditions for all and expect our partners to adhere to these principles. As well as strengthening risk assessment of hotel partners by expanding Travelife in high-risk destinations, we are raising awareness by co-organising Travelife seminars in Thailand in April 2018 to discuss modern slavery and influence more hotels to reach sustainability certification standards, and where the [Institute of Human Rights and Business](#) will also hold sessions on responsible recruitment as a means of preventing forced labour and trafficking.

CHILD TRAFFICKING

Active recruitment of children into orphanages for the purpose of profiting through foreign aid and volunteerism is a form of child trafficking and modern slavery. Orphanage visits do not form part of our excursions portfolio: TUI Destination Experiences prohibit orphanage visits (and school visits during school hours) in their 2018 Service Manuals.

PERFORMANCE MEASUREMENT IN MODERN SLAVERY PREVENTION

In 2017 the following performance indicators help us assess the effectiveness of steps taken to prevent modern slavery. In 2018 we continue to seek to prevent modern slavery and human trafficking in our business and supply chain by monitoring the performance indicators, by strengthening our policies and risk assessment processes, and by expanding our training and collaboration with stakeholders, particularly in destinations.

INDICATOR		2017 PERFORMANCE
A	Number of customers staying in hotels certified to a GSTC-recognised certification*	<ul style="list-style-type: none"> 8.3 million (of 20 million) customers staying in 1,220 certified hotels
B	Number of colleagues trained on human rights in tourism	<ul style="list-style-type: none"> Over 3,500 customer-facing colleagues trained on human rights in tourism Modern Slavery video communicated across TUI Group
C	Actions taken to strengthen our policies	<ul style="list-style-type: none"> We continued to raise awareness of Speak Up line, for colleagues to confidentially report infringements of policies
D	Steps taken to initiate and strengthen supply chain management	<ul style="list-style-type: none"> A risk-based due diligence approach to identify and address potential Modern Slavery issues for indirect vendors Third-party due diligence programme in place relating to the risk of regulatory breach, including breach of human rights and poor regulatory standards Awareness-raising of modern slavery during presentations at TUI and Travelife hotel partner conferences Work with Travelife to expand human rights work
E	Number of modern slavery cases reported and actions taken in response	<ul style="list-style-type: none"> In response to NGO reports on poor working conditions for migrant workers in hotels (Thailand) we organised supplier workshops with Travelife and IHRB In response to a campaign to counter child trafficking in orphanages, further steps were taken to ensure no orphanages offered in TUI excursions
F	Projects and partnerships initiated to uphold human rights in our destinations	<ul style="list-style-type: none"> TUI Care Foundation projects to address human rights issues in 4 destinations

*Schemes recognised by GSTC uphold the highest standards of human rights, child protection and social welfare in the tourism industry.



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

Friedrich Jousen
CEO, TUI Group

April 2018

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 FY2016/17. Where appropriate, we have included references to content elsewhere.

AR = Annual Report 2017
BHBW = Better Holidays, Better World 2017 Report

PRINCIPLE	RULE / ACTION	OUTCOMES
1 AND 2 SUPPORT FOR HUMAN RIGHTS AND PREVENTION OF HUMAN RIGHTS VIOLATIONS	TUI Code of Conduct Training and worldwide whistleblower system is in place for reporting violations. (AR p.114)	The whistleblower system called 'SpeakUp' implemented in 2013 was extended to all TUI jurisdictions in 2016. In 2017, 57 calls were received via the 'SpeakUp' system and investigated.
	TUI pledges to uphold all internationally proclaimed human rights as specified in the UN Guiding Principles on Business and Human Rights.	Modern Slavery/Human Rights working group meets regularly to assess risks, assign tasks and monitor progress of measures.
	TUI became a signatory to the UNWTO Global Code of Ethics in 2012. Statement on Modern Slavery published online here.	
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").	In 2016 TUI Joined the Board of The Code, taking the role of Chairperson. TUI Group also sits on the UNWTO Child protection task force.
	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. (BHBW p.23)	8.3 million 'Greener and Fairer' holidays in 2017 (holidays in sustainability-certified hotels), up by 31% versus 2016.
	Signatory to the German Diversity Charter. Diversity at TUI approach to increase the proportion of women in managerial functions (AR p.82)	34.1 % women in managerial positions. 40% of supervisory Board is female. 56.6% of the employees at TUI Group are women. 17.3% of the employees at TUI Group work part-time. 43 employee representatives from 16 countries.
7 A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES	Expansion of cruise environmental reporting to monitor water consumption and waste.	14.7 litres of waste produced and 162 litres of fresh water per guest night across TUI's cruise businesses.
	Emerging strategy on biofuels.	TUI Aviation joined the Bioport Holland Initiative to work jointly towards continuous production and supply of sustainable bio jet fuel.
	Phasing out of brochure printing and replacing with improved digital infrastructure.	In 2017 TUI Group further reduced its printed brochures by 7% compared to 2016. Since 2012, TUI has reduced brochure production by two thirds. Zero brochures in TUI Northern Region (Nordics and UK) by 2020.

UN GLOBAL COMPACT PROGRESS REPORT

PRINCIPLE	RULE / ACTION	OUTCOMES
8 PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY	Showcasing environmental initiatives in TUI Hotels & Resorts.	Investment in technology and innovative communications to reduce water footprint; food waste reduction, nature conservation and local products. (see p. 24)
	Promotion of environmentally responsible hotels and excursions.	Highlighting sustainably-certified hotels to customers and delivery of over one million TUI Collection excursions in 2017.
	Beach cleaning as part of 'Make Holidays Greener' campaign.	In 2017, 1,350 employees cleaned a coastline of 90.5km on 52 beaches collecting 4,489 kg of waste.
9 DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES	Modernisation of the aircraft fleet and continual commitment to new technologies and processes.	In January 2018, TUI Group started to take delivery of the first of at least 72 highly efficient Boeing 737 MAX aircraft by 2023, which are 14% more efficient than previous generation aircraft. In 2017 airline intensity emissions improved by 0.1% and overall have improved by 1.3% against our 2014 baseline.
	New cruise ships with industry leading technology.	TUI Cruises' new build ships' combined exhaust gas treatment systems deliver up to 99% lower sulphur emissions, 75% lower nitrogen oxide emissions and 60% lower particulate emissions.
	Digital technology as a replacement to paper-based processes.	Operational flight plans and briefing packages downloaded onto iPads by TUI fly Nordic. Hotel contracting in the Netherlands now a digital process eliminating the need for printing.
10 ANTI-CORRUPTION	Code of Conduct/Supplier Code addresses ethical, social and legal expectations of business partners. (AR p.80 & p.112-115)	In 2017 our due diligence approach was expanded to more indirect procurement categories and around 27,000 third-party suppliers were checked against a third party due diligence programme.

FOR MORE INFORMATION ABOUT
SUSTAINABILITY AT TUI GROUP, VISIT:

www.tui-sustainability.com

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