

## TUI Group ARA Non-financial Declaration Reporting Methodology

### Introduction

This document outlines the scope, methodology and justification for inclusion (by business unit) of TUI Group's sustainability key performance indicators (KPIs) for the non-financial declaration in the Group's Annual Report & Accounts FY2017/18.

### AIRLINES

#### TUI Airlines

##### Carbon & Energy Reporting

TUI Airlines are 100% owned by TUI Group (with leased aircraft) and the business has full operational control. 100% of TUI Airlines' absolute emissions are reported in TUI Group's annual carbon footprint as well as equivalent energy consumption in MWh. TUI Airlines comprises of five charter airlines and one scheduled airline:

- TUI Airways (charter)
- TUI fly Belgium (charter)
- TUI fly Germany (charter)
- TUI fly Netherlands (charter)
- TUI fly Nordic (charter)
- Corsair International (scheduled)

##### Environmental KPIs

TUI Airlines contributes to the following environmental performance, as stated in the non-financial declaration:

- Specific fuel consumption (l/100 rpk)
- Specific CO<sub>2</sub> emissions (kg/100 rpk)
- Specific CO<sub>2</sub> emissions (g/rpk)

The KPI metric (g CO<sub>2</sub>/rpk)\* is externally verified and assurance provided by PwC. This is done on an individual airline basis as well as for the Group fleet average. The full methodology can be downloaded from <http://www.tuigroup.com/en-en/sustainability/reporting-downloads>.

\* Revenue Passenger Kilometre. For full definition of this KPI please refer to the airline methodology document referenced above.

In FY15, TUI Group adopted the European Standard (EN 16258-2012), a standard setting out the methodology and requirements for calculating and reporting energy consumption and GHG emissions in transport services (freight and passengers).

#### Sunwing Airline

##### Carbon & Energy Reporting

TUI Group has a 49% equity stake in parent company Sunwing Travel Group Inc. (Toronto, Canada). TUI Group does not have operational control of the airline. TUI Group reports 49% of Sunwing's absolute aviation emissions in the annual carbon footprint, in line with the consolidated financial reporting, and equivalent energy consumption in MWh.

##### Environmental KPIs

Sunwing is not a TUI Group Airline and therefore its data is not included in the calculations of TUI's annual relative airline emissions figure (g CO<sub>2</sub>/rpk).

## CRUISE

### TUI Cruises

#### Carbon & Energy Reporting

TUI Group has a 50% equity stake in TUI Cruises (a joint venture with Royal Caribbean). TUI Group has operational control and in line with financial reporting of joint ventures, TUI Group reports 100% of TUI Cruises' absolute emissions in the annual carbon footprint and equivalent energy consumption in MWh.

#### Environmental KPIs

TUI Cruises contributes to the following environmental performance, as stated in the non-financial declaration:

- Carbon intensity (kg CO<sub>2</sub>/cruise passenger night)
- Waste (l/cruise passenger night)
- Relative fresh water consumption (l/cruise passenger night)

### Marella Cruises

#### Carbon & Energy Reporting

Marella Cruises are 100% owned by TUI Group and the business has full operational control. 100% of Marella Cruises' absolute emissions are reported in TUI Group's annual carbon footprint, and equivalent energy consumption in MWh.

#### Environmental KPIs

Marella Cruises contributes to the following environmental performance, as stated in the non-financial declaration:

- Carbon intensity (kg CO<sub>2</sub>/cruise passenger night)
- Waste (l/cruise passenger night)
- Relative fresh water consumption (l/cruise passenger night)

### Hapag-Lloyd Cruises

#### Carbon & Energy Reporting

Hapag-Lloyd Cruises are 100% owned by TUI Group and the business has full operational control. 100% of Hapag-Lloyd Cruises' absolute emissions are reported in TUI Group's annual carbon footprint, and equivalent energy consumption in MWh.

#### Environmental KPIs

Hapag-Lloyd Cruises contributes to the following environmental performance, as stated in the non-financial declaration:

- Carbon intensity (kg CO<sub>2</sub>/cruise passenger night)
- Waste (l/cruise passenger night)
- Relative fresh water consumption (l/cruise passenger night)

For the above cruise relative CO<sub>2</sub>, waste and water performance, only fare paying passengers are included in the 'cruise passenger night' calculations; crew are excluded.

## HOTELS

### TUI Hotels & Resorts

#### Carbon & Energy Reporting

TUI Hotels and Resorts are comprised of approximately 300 owned and controlled units that sit within 18 brands/chains. In line with financial reporting, 100% of TUI Hotels & Resorts' absolute emissions are reported in TUI Group's annual carbon footprint, and equivalent energy consumption in MWh.

#### Environmental KPIs

TUI Hotels & Resorts contributes to the following environmental performance, as stated in the non-financial declaration:

- Carbon intensity (kg CO<sub>2</sub>/guest night)
- Waste (kg/guest night)
- Relative water consumption (l/guest night)

### Blue Diamond Hotels (Sunwing)

#### Carbon & Energy Reporting

TUI Group includes 100% of absolute emissions from hotels that are owned by joint venture Blue Diamond (Sunwing) in the annual carbon footprint, as well as equivalent energy consumption in MWh. This is in line with TUI's approach towards international concept hotels (see below).

#### Environmental KPIs

Blue Diamond Hotels contributes to the following environmental performance, as stated in the non-financial declaration:

- Carbon intensity (kg CO<sub>2</sub>/guest night)
- Waste (kg/guest night)
- Relative water consumption (l/guest night)

### International Concept hotels

#### Carbon & Energy Reporting

Some International Concept hotels that feature as one of TUI Group's key hotel brands are not a TUI Hotels & Resorts property. They are branded as TUI Sensimar, TUI Sensatori or TUI Family Life. Some hotels are both a TUI Hotels & Resort property and also an International Concept. For reporting purposes and to avoid double counting, these hotels are treated as a TUI Hotels & Resorts property. 100% of International Concept hotels' absolute emissions are reported in TUI Group's annual carbon footprint, as well as equivalent energy consumption in MWh. This is due to the fact that they are TUI branded, primarily occupied by TUI guests, and are those hotels that TUI works with closely to implement best environmental and sustainability practices.

#### Environmental KPIs

International Concept hotels contributes to the following environmental performance, as stated in the non-financial declaration:

- Carbon intensity (kg CO<sub>2</sub>/guest night)
- Waste (kg/guest night)
- Relative water consumption (l/guest night)

International Concept hotels that are not a TUI Hotels & Resort do not contribute towards the Group's publicly stated target to reduce carbon emissions per guest night by 10%. However, the kg CO<sub>2</sub> per guest/night of International Concept hotels are included in the figure reported in the ARA as the business closely works with and monitors their environmental and sustainability performance, and is in line with the absolute and intensity scope reported throughout the non-financial declaration section.

## GROUND OPERATIONS

### Major Premises

#### Carbon & Energy Reporting

TUI includes 100% of absolute emissions from approximately 50 of its largest office premises (typically over 100 people) in its annual carbon reporting, and reports equivalent energy consumption in MWh. The buildings are a mixture of owned, rented and leased properties. TUI has additional offices which are excluded from reporting due to their insignificantly low levels of energy/emissions in comparison to the carbon intensive parts of the business, e.g. the airlines. The effort to monitor these units would be disproportionately high compared to the carbon emissions they produce and are therefore non-material.

### Retail Estate

#### Carbon & Energy Reporting

TUI includes 100% of absolute emissions from approximately 1,600 retail stores in its annual carbon reporting, and reports equivalent energy consumption in MWh. These stores are located throughout our European source markets and exclude franchises.

### Ground Transport Fleet

#### Carbon & Energy Reporting

TUI includes 100% of absolute emissions from the five ground transport operation which are 100% owned by the Group:

- Ultramar (Spain)
- Tantur (Turkey)
- SMDTT (Morocco)
- Aeolos (Cyprus)
- TUI Portugal fleet (Cape Verde)

The fleet size is approximately 300 vehicles. For all other destinations, TUI group uses 3<sup>rd</sup> party suppliers.

## SCOPE 3

### Scope 3 Reporting

#### Carbon & Energy Reporting

Scope 3 emissions are indirect emissions from activities or operations not owned or controlled by TUI Group. There is no mandatory requirement to report these emissions but it is considered best practice to do so. Scope 3 activities are excluded from the Group's energy footprint.

TUI Group currently reports on the following sources of Scope 3 emissions, in line with the GHG Protocol Scope 3 Standard:

- Purchased goods and services
- Fuel-and-energy-related activities (not included in Scope 1 or 2)
- Waste generated in operations
- Business travel
- Employee commuting
- Downstream transportation and distribution

## GREENER & FAIRER HOLIDAYS

### Customers staying at accommodations certified to GSTC-recognised standards

The Global Sustainable Tourism Council (GSTC) recognises and accredits hotel sustainability certification schemes that meet the Global Sustainable Tourism Criteria. For more information: [www.gstcouncil.com](http://www.gstcouncil.com)

This figure is calculated from TUI tourism businesses' bookings for passengers for Winter 17/18 and Summer 18, who have stayed in hotels that have held a valid certification at the end of Winter and/or end of Summer, or with a valid certification for the majority of (3+ months) Winter and/or Summer. The reporting period for these bookings is the 12 month period from November 2017 to October 2018 (TUI Group's operational year in destinations).

Also included are TUI guests for Winter 17/18 and Summer 18, who stayed in a TUI Hotels & Resort property (but did not book through a TUI tourism business) that held a valid certification at the end of Summer, or with a valid certification for the majority of (3 or 6 months) their operating period during Winter 17/18 and Summer 18. The reporting period for these bookings is the 12 month period from October 2017 to September 2018 (TUI Group's financial year).

The difference in reporting timeframes between TUI tour operator passengers and guests that booked directly with TUI Hotels and Resorts is a result of separate data collection systems which are appropriate for the reporting purposes of the business (i.e. operational and financial years). However, both represent a 12 month period so year-on-year comparisons can legitimately be made.

### Number of hotels certified to GSTC-recognised standards

The number of hotels in our tourism business portfolio certified to GSTC-recognised standard during TUI Group's operational year (November 2017 to October 2018) that had over 100 TUI customers. A hotel is considered to be certified for the year if it meets the criteria as outlined above, i.e. it held a valid certification for the majority of its operating period.

In 2017 we reported the number of certified hotels to be 1,220, which included only hotels in our tourism business portfolio certified to GSTC-recognised standard at the end of the 2017 reporting period and majority of Summer 2017. For 2018 we also included the majority of Winter hotels resulting in 1,520 hotels. For a better year on year comparison we reconciled the number from 2017 and added the majority of Winter hotel numbers. This resulted in an increase from 1,220 hotels to 1,356 hotels.

### Percentage of hotels certified to GSTC-recognised standards (TUI Hotels)

The percentage of TUI Hotels and Resorts, Blue Diamond Hotels, and TUI's International Concept hotels certified to GSTC-recognised standard during TUI Group's operational year. A hotel is considered to be certified for the year if it meets the criteria as outlined above, i.e. it held a valid certification for the majority of its operating period.

### Number of TUI Collection excursions

The number of TUI customers who participated in a TUI Collection excursion offered via TUI Destination Experiences. Each excursion in the Collection is exclusive to TUI and meets specific criteria for sustainability, ensuring that it is bringing benefit to local people and minimising its impact on the environment.

## INVESTMENTS INTO PROJECTS AND GOOD CAUSES

### Sustainability projects and good causes

The financial amount (€m) raised for independent charities, projects, and memberships to support good causes and enhance the positive impacts of tourism. The financial amount is a combination of customer donations, colleague donations and contributions from TUI Group businesses (airlines, cruise, tour operators, TUI Hotels & Resorts, Destination Experiences and TUI Group head office) as well as International Concept hotels. The total includes the investment by TUI Group to cover overheads and administrative expenses associated with the operations of TUI Care Foundation and TUI Stiftung. The GBP to EUR FX average annual rate stated in the TUI Group Annual Report is applied to relevant conversions.

## HUMAN RIGHTS

### Child protection training

The number of TUI Destination Experiences colleagues who completed child protection training in the TUI Group financial year.

## DEFINITIONS & NOTES

RPK – Revenue Passenger Kilometres. Airline passenger numbers are derived from on-board reports signed by the flight's commander, i.e. Flight Crew on-board. All persons aboard the aircraft are included in the total passenger count (i.e. all male, female and child passengers and non-revenue passengers, such as crew on non-active duty); with the exception of active crew on duty and infants.

In tables within the Annual Report, year on year variance differences may occur as a result of rounding. In such instances, the variance figure stated in the non-financial declaration is the true indication of year-on-year performance. This methodology is preferential to calculating a year on year variance from rounded figures, which may cause performance to be either over or under reported, and is consistent with reporting best practice.