

# TUI Group

## Verification Statement

Financial year 2020

1 June 2021

### TUI Group

#### Impartial Statement

Audit of key environmental performance indicators of TUI Group

Data submitted for Financial year 2020 (1<sup>st</sup> October 2019 – 30<sup>th</sup> September 2020)

Review in line with DIN EN ISO 14064-3:2019, Annex C

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## TUI Group

### External Verification Statement

#### Content and Roles

Subject of this statement was the review of key environmental performance indicators (KPIs) of TUI Group. The audit comprised a plausibility check. TUI Group is solely responsible for the subject and for ensuring that the procedure is sufficient.

Arqum, a Society for Occupational Safety, Environmental and Quality Management Ltd., based in Munich, Germany, has created an Audit Report of the environmental data and key environmental performance indicators (KPIs) including energy, emissions, water, waste and plastic following an audit of these data for TUI Group at their request.

Arqum takes no responsibility for the sufficiency of the used data procedures. Activities performed do not constitute either a verification or validation. Therefore, it cannot be precluded, that other matters might come to light if the procedure of a verification or validation be performed. This report is designed to be used by TUI Group as an external evaluation of data quality for reports on greenhouse gases and environmental performances and aspects of operations.

#### Scope

The review comprised of a plausibility check of the key environmental performance indicators (KPIs), in particular data concerning the greenhouse gas emissions of TUI Group. Review of data and preparation of the statement was done in line with DIN EN ISO 14064-3:2019, Annex C. Through a combination of document reviews and an interview of TUI Group staff, the data collected was checked for relevance, completeness, continuity, transparency and accuracy. Emissions trading requirements and other statutory performance targets were not considered. The review focused primarily on data relating to Scope 1 and 2 emissions as defined by the Greenhouse Gas Protocol as well as Scope 3 emissions, as far as the TUI Group reports them.

#### Methodology

The KPI report explores the relevant environmental aspects of fossil fuels, renewable energies, electricity, water, waste, plastic and paper. It is also a major data source to evaluate the first level of the sustainability strategy "Better Holidays Better World" (BHBW) which the TUI Group adopted in the financial year of 2015.

For Scope 1 and 2 emissions, all calculations for the financial year 2020 (1<sup>st</sup> Oct 2019 – 30<sup>th</sup> Sep 2020) were carried out by means of the web-based data collection system "CloudApps", in line with those for prior years. The application already received different updates in recent years to comply with the internal and external reporting. For the financial year 2020 CloudApps was used for the last time. So far, no alternative programme has been established.

The provider of CloudApps, the software company 'thinkstep', was responsible for updating the integrated conversion factors each year in order to calculate emissions as accurately as possible. The factors for CO<sub>2</sub> and CO<sub>2</sub><sub>equivalent</sub> used for fossil fuels are sourced from the UK Government Department DEFRA (Department for Environment, Food and Rural Affairs) and for electricity from the International Energy Agency (IEA). As IEA charges a fee for the license to use the factors, using GEMIS might be an alternative.

Conversion factors related to fuel consumption by aircrafts are largely based on values from the International Civil Aviation Organisation (ICAO), whereas cruise ship data is obtained from the International Maritime Organization (IMO). On the part of CloudApps an expert team kept track of factor changes and maintained factor version records. Scope 3 emissions were collected by means of Excel spreadsheets, as in previous years.

In order to determine the environmental performance and development of emissions, environmentally relevant data from the following business units is collected and evaluated:

- TUI Airlines & Aviation
- TUI Cruises
- TUI Hotels & Resorts
- TUI Major Premises / Shops
- TUI Ground Transport
- Scope 3 (others)

The composition of these units varies between years depending on changes in the business model. Including these changes into CloudApps has been part of the updating process. For the financial year 2020, a total number of 411 hotels of 20 brands, 150 airplanes of 5 charter airlines and 18 operating cruise ships of three fleets as well as around 1,600 shops - and about 300 vehicles for ground transport of five fleets were included in the data collection.

The response rate for the questionnaires for hotels accounted for rounded 98%, which is one percent less than in financial year 2019. With Cruises, Major Premises, Retail Stores & Shops and Airlines 100% (stable in comparison to financial year 2019) and Ground Transport achieving a response rate of 100% (big increase from 83% in 2019), the overall response rate achieved is therefore 99% (same as financial year 2019) in the financial year under review.

Data collection for the financial year 2020 was complicated by the CoVid-19 crisis. Nevertheless, response rates were excellent and the results were reported in the usual ways. As in previous years, the system administrators of CloudApps were trained in order to teach them about system updates as a preparation for data collection. New users of the CloudApps application (e.g. of newly included hotels) were trained by system administrators and received support during the process of data collection if necessary. Users can upload data in an online form ("EasyJob") for a single hotel or for several hotels at the same time (e.g. all hotels of a brand). Where submitted data is incomplete, the relevant values are determined using estimates based on available related TUI Group data. Following the receipt of the requested data by a defined deadline, the submitted data is checked for plausibility. If there is a major variance in comparison to the year before (carried out for 20% of the facilities of a section, focussing on those with the highest increases), data of the facility is analysed by the administrators and environmental managers with great care and possible reasons are discussed with the person in charge on site. Sustainability managers have access to CloudApps by means of a dashboard, which provides them with all the relevant information for comparison and analysis of their units creating specified reports for the sites. Sustainability managers were also more deeply involved in the process of data collection, since they were in charge of reminding facilities and units, who did not respond to the request of data entry. Moreover, if data sheets were submitted before completion, the administrator had the possibility to re-issue the form.

## Conclusion

Overall, the methodology used to collect the data and calculate the key performance indicators for all relevant environmental aspects such as carbon emissions, energy, water, paper consumption as well as waste generation and plastics is clear, well-evidenced and complete. The KPI figures are perceived as plausible. The continuous recording and updating of environmental key performance indicators and the web-based data collection methodology is state of the art. The software-based data collection substantially optimised the complex processes of KPI formation and sustainability reporting, both for the users and for the Sustainability Department at TUI Group. As CloudApps was phased out at the end of the financial year 2020, an alternative software solution should be found as soon as possible. Due to the CoVid19-crisis data from 2019 and 2020 (and probably 2021) is not comparable to the years before or after. Therefore, goals and sustainability strategies need to be revisited and adapted.

### General:

- The absolute emission rate of TUI Group decreased by 50.3% for the financial year 2020 in comparison to 2019. This was mainly caused by the effects of the CoVid19 pandemic.
- The overall response rate of 99% reflects the accuracy of the data and also the high acceptance rate for the CloudApps application. The continuously rising response rate from 89 percent in 2013 to now 99% is excellent. Therefore, the foreseen goal to reach a response rate of 100% is an eager endeavour but considered possible.
- Scope 3 emissions were collected by means of Excel spreadsheets, as in previous years. As results showed, scope 3 emissions made up only 1.1% of total carbon dioxide emissions which proves that introduction of CloudApps based spreadsheet is not necessarily advantageous to monitor scope 3 KPIs.
- The sustainability strategy "Better Holidays, Better World" includes four levels on which the TUI Group can exert influence. The extent of this influence expands from level to level. The first level "step lightly" is about the diminution of the company's environmental impact in its direct circle of influence. This is directly connected to the monitored KPIs. The second level "make a difference" deals with the group's value chain and its clients. The goal is an overall improvement for communities and their members. The third level "lead the way" embraces the pioneer work for sustainable tourism in order to exert positive influence on the whole tourism industry. The fourth pillar "care more" focusses on engaging colleagues.
- The overall increase of information reflected back to people providing the data is a positive development. They are included into the whole process through different forms of reports, access to data and transmission of responsibilities for the data collection process, for example through Dashboards created for hotel brands.
- Concrete goals have been defined for 2020. Considering the CoVid-19 crisis these goals will have to be re-evaluated and adapted. As KPIs could not be improved, due to the restrictions and implications of the crisis.
- The partly ongoing reorganisation and streamlining of the TUI Group complicates the evaluation of progress concerning BHBW. Difficulties of analysing the development of the carbon footprint were increased by circumstances, which were beyond TUI Groups control, but which are still affecting CO<sub>2</sub> emission levels. During the past years political instability in certain countries led to a shift in the most frequented travel destinations,

affecting the business units in several ways. The CoVid-19 crisis has also added to this lack of comparability for financial year 2020. A strategy should be developed, how to account for these influencing factors for the evaluation of BHBW.

- Received data forms from users are always manually checked regarding continuity, completeness and plausibility before entering the KPI's evaluation phase. This ensures additional data safety and quality. It is however recommended to make sample checks of proof for a certain percentage of the submitted data, e.g. invoices or receipts.
- A continuous process in order to facilitate and improve the communication amongst TUI and the CloudApps users is definitely visible. The application of CloudApps showed less and less problems and support needs in the last years. This is due to a constant update of the CloudApps User Guide and improving upon feedback received by users.
- The explanation of procedures and functions of CloudApps as a system is well documented inside the TUI Group structures in order to ensure a long-term functionality of the system. Therefore, an internal manual for the application is maintained and regularly updated and adapted to system changes.
- Further improvement on the web-based application CloudApps for data collection was the introduction of information related "tags". On one hand this allows an easier categorization of data entered into the form and on the other hand this brings additional value to the evaluation capabilities of the system and its responsible staff.
- The data collection process deducted via CloudApps begins right after the end of the financial year. Time pressure is high due to strict German legislation and magnitude of the TUI Group. Result of this is a short time period of 3 to 4 weeks for users to conduct the survey.
- The annual report for the financial year 2020 contains a Non-Financial Group Declaration. This document is of statutory resulting from of the German CSR Directive Implementation Act.

#### TUI Airlines:

- For the financial year 2020 the KPIs of the TUI Airlines & Aviation were checked for plausibility and appropriateness identically to the years before by Pricewaterhouse-Coopers.
- The absolute emissions in the Airlines section decreased by 53.1 %, which is mainly attributed to the CoVid19-pandemic. This significant difference needs to be considered when comparing KPIs of before and after the pandemic.
- TUI Airlines accounts for 73.2% of the overall carbon footprint of TUI Group. The goal to remain the operator of the most carbon efficient airline fleet until 2020 and to decrease emissions is promoted through various measures as well as research projects, even though this field of action has faced challenges because of CoVid19.
- Results of the annual report for the financial year 2020 show that in comparison to financial year 2019 carbon emissions per passenger km increased by 4.0%. Compared to the financial year 2014 there is now an increase of 0.4%. In that sense the goal to reach 10% less carbon emissions per passenger by 2020 could not be reached. Another reason for not reaching the goal is that a more efficient type of aircraft (B787 MAX) was expected to enter the market. As this type of aircraft was pulled from use after

safety concerns, the fleet has not been updated as expected. Considering this and the CoVid-19 crisis, this goal will have to be re-evaluated.

#### TUI Cruises:

- The reporting scope of the section Cruises remains unchanged. Decrease of absolute emissions by 37.2% is due to travel restrictions, caused by the CoVid19 pandemic in the financial year 2020.
- With regard to KPIs, Cruises increased its emission intensity by 32% in comparison to 2019. This is due to the fact, that ships have been operated with less passengers, if at all. Nevertheless, operation will cause consumption.
- Concerning data quality improvements are made: Data will be collected quarterly in the future. For preparing this, sources of data have been analysed to greater detail.

#### TUI Hotels & Resorts:

- The reporting scope constantly changes over the years because of portfolio diversification in brands and concepts as well as hotel partners. Absolute emissions decreased by 45.2 %, due to CoVid19 travel restrictions.
- BHBW defines for the section Hotels & Resorts the goal to reduce carbon emissions per guest night by 10% until the year 2020 compared to 2014. For 2020 this value actually increased by 32% compared to 2019. This can be attributed to the difficulties caused by the pandemic and that the hotels needed to be run, even with less or no guests staying.
- The fluctuation in this KPI can also be attributed to frequent changes in the hotel portfolio of TUI Hotels and Resorts.
- Another KPI used for the evaluation of goals set by BHBW for the section TUI Hotels & Resorts is the percentage of hotels with a certification to the GSTC (Global Sustainable Tourism Council)-standard. Owned and controlled hotels that received a credible sustainability certification decreased by 3%. Controlled & international concept hotels decreased by 1 % in this respect. As an on-site audit is required for obtaining the certification, numbers dropped, as hotels could not be re-certified in 2020.
- Performance Management Reporting for every hotel brand is organised via a dashboard available in CloudApps and short reports or summaries can be extracted from it. Based on the data provided in the dashboard, people in charge can evaluate resource consumption and carbon emissions of their hotels. Data of previous years is accessible via hyperlinks. Additionally, people in charge will be counselled by the administrator of CloudApps, who is now responsible for the unit TUI Hotels & Resorts. The goal of this process is to further improve environmental performance by saving energy and carbon emissions. The dashboard also offers an overview for administrators over the progress of data entry.
- Response rate of hotels decreased in the financial year under review from 99% in 2019 to 98.3 % in 2020. Exceptions were mainly hotels, which were not under operation, due to CoVid. Other reasons can be that contracts ended during the year.
- In order to reduce plastic consumption across its businesses, TUI Group aims to remove 250 million pieces of single-use plastic by 2020 across all businesses. The target was

already realised with 257 million pieces by 2019. For 2020 this figure could not be updated.

TUI Ground Transport:

- Absolute emissions of Ground Transport decreased by 71.4%, which is an estimated figure based on number of passengers. This was done, because actual consumption data and passenger numbers could not be provided by the ground transport fleets. The KPI "carbon emissions per passenger km" showed an increase of 5.5% from 2018 to 2019, but a 4.1% decrease compared to 2015.

TUI Major Premises, Retail & Brochures:

- Major Premises & Retail showed an absolute reduction of 25.9% compared to 2019, due to the closure of retail estates and offices during the pandemic.
- The goal of reducing carbon emissions by 20% compared 2015 was met in 2019 already. Figures for 2020 cannot be used to make a credible statement about this.

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**Arqum**

Arqum was founded in 1998. Over the years until today, Arqum appeared as the Project Manager for more than 2800 companies. The main focus of Arqum is to consult companies in terms of management systems. The objectivity of this report is to present the verification of key environmental performance indicators (KPIs), which follows the DIN EN ISO 14064-3:2019, Annex C