

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.

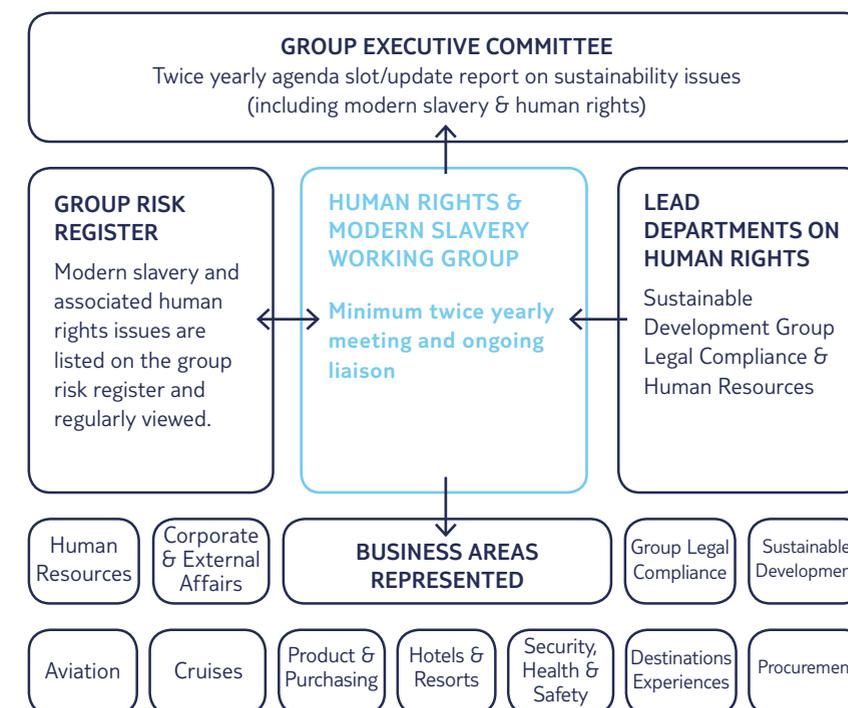
TUI Group's supply chain covers thousands of suppliers in more than 90 countries, ranging from manufacturers of aircraft and cruise ships, through to the laundry and other services provided to our hotels, tourist guides and other services our customers use in destination. Our biggest supplier category 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.

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CEO, TUI Group

April 2018