



Taking on Responsible Leadership





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Welcome to TUI Travel PLC's Sustainable Development Report covering the progress we have made on our four priorities – Carbon Management, Destinations, Our Colleagues and Our Customers – since our first full Sustainable Development Report published in 2009.

Published one year later, this report includes data covering the financial year 1 October 2008 to 30 September 2009 (referred to throughout this report as 2008/09), except where otherwise stated.

This is an interim report, as from 2010 onwards we aim to align publication of our sustainability report more closely with the TUI Travel PLC Annual Report and Accounts, reflecting the integrated way in which we increasingly manage our sustainability performance alongside our commercial operations.

The objective of this report is primarily to report headline sustainability progress and data for 2009 and communicate our 2010 targets, principally for investors, academics, policy-makers, non-governmental organisations, TUI Travel management and other interested parties.

We are pleased to share some significant achievements both within our organisation and in collaboration with our peers across the travel sector that support TUI Travel's vision of Making Travel Experiences Special and that demonstrate our commitment to Responsible Leadership, one of our four company values. By taking on Responsible Leadership we hope to increase the positive and minimise the negative impacts we have and to sustain the trust of the communities of which we are a part.

We have published within our report an overview of our performance in each of our priority areas. For full details please see our separate 2009 targets table which is available in the download section of the online version of this report.

www.tuitravelplc.com/sustainabledevelopment

Sources of further information:

To download our latest Annual Report, visit:
www.tuitravelplc.com

Tell us what you think:

We're keen to hear what you have to say about this update. Please email your views to sustainabledevelopment@tuitravel.com



Peter Long's welcome



Peter Long
Chief Executive
TUI Travel PLC

Since the formation of TUI Travel PLC in September 2007 our vision for sustainable development has been to Make Travel Experiences Special whilst minimising our environmental impact, respecting the culture and people in our destinations and offering real economic benefit to local communities.

In that period, sustainability has come to be regarded as a serious business issue across our Group, with many brands making it an integral part of business processes, supplier operating standards and performance metrics.

With a firm commitment to Responsible Leadership at Board level, I am pleased with our achievements to date and acknowledge that we are at the beginning of a long journey. Although we are a tour operator, we also have a fleet of 146 aircraft to take our customers on holiday. With this comes a significant environmental footprint to manage.

Today, there is no alternative to jet fuel. The viability of second generation biofuels is still a considerable number of years off. We must, therefore, seek reductions in our carbon footprint by making a significant investment in new technology, such as the Boeing 787 Dreamliner which will have exceptional environmental performance. At the same time we will pursue all other avenues for reducing CO₂ emissions, having committed to reducing carbon emissions across our operations by 6% by 2014.

In addition to our internal programmes we are strong advocates for sustainability within the leisure travel sector. We are supportive of the inclusion of aviation in the European Union's Emissions Trading Scheme, but believe there should be a global emissions trading framework for aviation which channels monies raised from auctioning emissions allocations into environmental solutions.

We also support the UK Government's consultation to replace UK Air Passenger Duty with a per plane tax, and the introduction of the UK Carbon Reduction Commitment Energy Efficiency (CRC) legislation – such taxes and incentives reward and drive carbon efficiency.

The opportunity for TUI Travel is to refine our understanding of the strategic risks and value that sustainable development can create and to demonstrate Responsible Leadership in the way we address them. We have already experienced a range of business benefits from sustainability management, including cost efficiencies, quality improvements and the enhanced engagement of customers, colleagues and suppliers.

Together with my management team, I look forward to further integrating sustainability into our businesses' strategic priorities and planning.

Peter Long
Chief Executive
TUI Travel PLC



Johan Lundgren's welcome



Johan Lundgren
Managing Director
TUI Travel PLC
Northern Region
PLC Board representative for
sustainable development

There is a significant expectation placed on TUI Travel by all our stakeholders to integrate consideration of environmental and social impacts into our operations. More than 90% of our customers said they expect their holiday company to work to tackle climate change and support destination communities¹. They place their trust in us to do this and it's in our interests to deliver, communicating with them what we are doing and trying to achieve.

I am pleased to report a number of significant initiatives that illustrate our continued commitment to Responsible Leadership in our areas of focus – Carbon Management, Destinations, Our Colleagues and Our Customers.

Fuel efficiency initiatives across our Group airlines have produced a 34,000 tonne CO₂ reduction. By appointing Environment Managers in both Thomson Airways and TUIfly Nordic (the first leisure airline to have achieved certification to ISO14001, the environmental management system standard), we are better geared still to make further progress on our environmental challenges.

We are also making good progress on environmental and social issues with our destination suppliers. The Travelife Sustainability System that serves our industry has been rolled out across our Mainstream Sector, with 400 supplier audits carried out in 2009. TUI Northern Region has introduced environmental and social contractual standards for accommodation suppliers. These changes make a clear statement to our suppliers that they too must remain committed to sustainability if they are to continue to work with us. Working with our wider destination stakeholders, TUI Central Europe launched the industry initiative Futouris, which focuses on climate and biodiversity protection and the promotion of educational programmes.

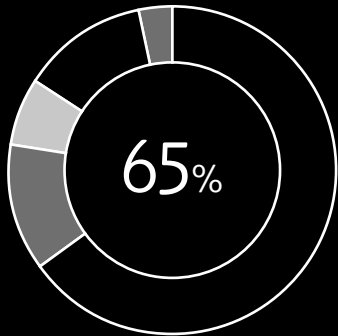
Engaging our colleagues in sustainability is a continuous process. Our belief in Responsible Leadership speaks volumes about how we expect each and every one of us to integrate sustainability thinking into our individual business behaviour. This year, 75 senior managers from across the Group had the opportunity to attend an offsite leadership development programme in Heliconias, Costa Rica, in collaboration with one of our Activity Sector businesses. The senior managers worked alongside a community to help them develop an ecotourism business. The experience concentrated the minds of managers who will be highly influential in the future of our business alongside the sustainability champions we already have across the Group.

Our focus on sustainable development as a serious business issue, key to our ongoing and future success, is firmly illustrated by the appointment of Dermot Blastland, presently Managing Director TUI UK & Ireland, to the new role of Group Sustainable Development Director from 01 Oct 2010 onwards. Dermot's focus will be on driving meaningful sustainability performance as our business moves into the next decade.

Johan Lundgren
Managing Director
TUI Travel PLC
Northern Region
PLC Board representative for sustainable development



About TUI Travel PLC



TUI Travel PLC's underlying operating profit mix by Sector
For the year ended 30 Sept. 2009

- 65.0% Mainstream Sector
- 12.6% Activity Sector
- 6.7% Specialist & Emerging Markets Sector
- 12.6% Accommodation & Destinations Sector
- 3.1% Joint ventures

TUI Travel PLC (referred to in this report as 'TUI Travel' and 'the Group') is a FTSE 100 leisure travel company listed on the London Stock Exchange. It was formed on 3 September 2007 by the merger of First Choice Holidays PLC and the Tourism Division of TUI AG.

TUI Travel is recognised for its commitment to sustainable development by its listing in the FTSE4Good Index.

30+ million

30+ million customers from over 27 source markets

180 countries

Operating in over 180 countries

200+ products

200+ products and brands

146 aircraft

146 aircraft and around 3,500 retail shops in Europe

6 continents

50,000 colleagues operating across six continents

13.8 billion

In the financial year ended 30 September 2009, TUI Travel had revenues of £13.8 billion and an underlying profit before tax of £366 million

Please see the latest TUI Travel Annual Report & Accounts at www.tuitravelplc.com for further details of our corporate governance structure and membership of the Nomination, Audit and Remuneration Committees.

Our structure

TUI Travel is organised and managed through four Sectors – Mainstream; Activity; Specialist & Emerging Markets; and Accommodation & Destinations. The chart on the left illustrates the underlying operating profit mix by Sector for the year ended 30 September 2009.

Mainstream

Mainstream is the largest Sector in terms of size, financial performance and colleague numbers. It comprises leading tour operators and 'power' brands and operates a fleet of 146 aircraft and circa 3,500 retail shops. There are three divisions: Northern Region, Central Europe and Western Europe. It serves more than 22 million customers each year and top selling brands include Thomson, TUI and Jetair.

Specialist & Emerging Markets

The Specialist & Emerging Markets Sector is an international portfolio of travel businesses focusing on specific destinations, premium travel experiences or particular customer demographic segments, often with differentiated and exclusive product. The sector consists of 40 businesses operating from North America, Europe and, most recently, emerging markets such as Russia and Ukraine. It serves more than 2 million customers and top selling brands include Mostravel, Viaggi Del Turchese and Hayes & Jarvis.

Activity

This Sector has over 40 activity travel businesses that operate under five divisions – Marine, Adventure, Ski, Student and Sport. Each of these divisions has market-leading positions. The Adventure businesses take more customers to iconic adventure destinations than any other operator. It serves more than 1.1 million customers and top selling brands include Crystal Ski, The Moorings and Le Boat.

Accommodation & Destinations

The Accommodation & Destinations Sector (A&D) sells and provides a range of services in destination to tour operators, travel agents, corporate clients, and direct to the consumer worldwide. Services include hotel accommodation, transfers, excursions, round trips, organising meetings, incentives, conferences and events (MICE), cruise handling and integrated website solutions for our customers. A&D is structured along key business lines – Business to Business (B2B) and Business to Consumer (B2C). Top selling brands include Hotelbeds.com and LateRooms.com



What others say



*TUI Travel PLC was awarded
the World's Responsible
Tourism Award in 2009
www.worldtravelawards.com*

Our commitment to Responsible Leadership extends outside our Group into our sector more broadly. We take great pride in the recognition we receive from experts in our sector who assess our achievements and give us awards. We have won a number of notable awards this year. We also continue to be placed on sustainable development indices.

Indices

FTSE4Good

TUI Travel is listed on the FTSE4Good Index in recognition of its transparency and for meeting strict social, environmental and governance standards.

Carbon Disclosure Project

TUI Travel completed its third submission to the Carbon Disclosure Project in June 2010 with results to be announced in October 2010. In 2009, for the second consecutive year we were included in the Carbon Disclosure Leadership Index, which highlights the top 10% of FTSE350 companies that have displayed the most professional and transparent approach to climate change disclosure. To view our submissions visit www.tuitravelplc.com/sustainabledevelopment

Awards

World Travel Awards

TUI Travel PLC was awarded the World's Responsible Tourism Award in 2009

British Travel Awards

First Choice was awarded Most Environmentally Responsible Large Tour Operator (2007- 2009) and Thomson Airways was named Most Environmentally Responsible Airline (2006 – 2009)

TTG Travel Awards

TUI UK & Ireland was awarded the TTG Travel Gives Back Award in 2009, and its sustainable development commitment was the deciding factor in naming TUI UK & Ireland the overall Top Travel Company

Co-operative Travel Star Awards

TUI UK & Ireland was awarded the Sustainable Tourism Award in 2008 and 2009

Travel Feather Awards

TUI Nederland was awarded the Green Feather in 2009 for its sustainable tourism activities

Travel Weekly Australia

Peregrine Adventures won Australia's 'Five green leaves' prize for responsible tourism in 2009

Practical Boat Owners Awards

TUI Marine was awarded the Green Award for Service in 2009, recognising businesses who have taken steps to make the leisure boat industry more sustainable

For details of previous awards, see

www.tuitravelplc.com/sustainabledevelopment



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TUI Travel is a core partner in the Tourism 2023 initiative, through which we are working to create a sustainable future for tourism

Partner statement

Forum for the Future works with leaders from business and the public sector to create a green, fair and prosperous world. TUI Travel has been working with Forum for the Future since 2003 on the development and implementation of our sustainable development strategy (initially as First Choice Holidays PLC, subsequently as TUI Travel PLC) and we are proud to be one of Forum for the Future's Foundation Corporate Partners, their key partner in the leisure travel industry sector *(see page 33)*.

www.forumforthefuture.org

'TUI Travel continues to lead the sector on sustainable tourism. It is great to see continued improvements, including increasing coverage of good practice across the businesses. Now that the Group is more established post merger, it will be important to continue to raise the bar across the business and really capitalise on the commercial value of sustainability.

Importantly, TUI Travel leadership also includes exploring the big sectoral issues. Their pioneering approach to understand and then maximise their socio-economic benefit of an all inclusive is a good example. Hopefully it will provide the route for customers to understand the value that they are adding to the places they visit. Finding practical ways to resolve issues like this is critical. TUI Travel needs to be tackling these big issues on the front foot and finding new business models and approaches to deal with them and equip them for the changing operating context.

I look forward to working alongside TUI Travel PLC as they take their leadership universally across the Group, innovate new, exciting approaches and set even bolder ambitions moving forward.'



Stephanie Draper
Director, Change Strategies
Forum for the Future



Embedding



FTSE4Good

TUI Travel is listed on the
FTSE4Good Index



Integrating sustainable development

Sustainable development strategy

TUI Travel's sustainable development strategy is based on consideration of the key issues affecting the Company, now and in the future. It is regularly reviewed in consultation with internal and external stakeholders. Our four strategic priorities for sustainable development are Carbon Management, Destinations, Our Colleagues and Our Customers. We encourage all TUI Travel businesses to develop their own strategies, aligning with Group and Sector priorities and the related targets, where appropriate. At the end of 2008/09, 73% of TUI Travel businesses had their own sustainable development strategy.

During 2008/09, we developed a Group sustainable development policy in conjunction with key colleagues, articulating the Group vision and approach and cascading it across our businesses. To read our policy visit:

www.tuitravelplc.com/sustainabledevelopment

Nearly 2 years after we developed TUI Travel's sustainable development strategy, we are going through a process of revising our approach. We are working closely with external advisors to evaluate more closely the Groupwide risks and opportunities sustainable development presents to the company. This piece of work will help us align sustainable development with TUI Travel's key strategic imperatives and set long-term key performance indicators. Moving towards this level of sustainable development integration is an exciting prospect for our business.

Risk management

Policy and mitigation for Groupwide risks relating to sustainability are facilitated by the Group Risk Management and Sustainable Development Departments, with responsibility for managing such risks also shared by the businesses themselves. The increase in legislative and societal demands for a company like ours to act responsibly and lead on issues demands that we manage our risks as effectively as we can. One of the principal risks the Group is currently managing is climate change, identified as a strategic and emerging risk (see our *Annual Report 2009*, page 21).

Key areas of risk identified are as follows:

- Legislative and societal demands in relation to size and management of TUI Travel PLC's carbon footprint
- Colleague actions need to uphold TUI Travel's sustainable development policy
- Supplier actions need to uphold TUI Travel's environmental and social supplier standards
- Lack of detailed understanding of the socio-economic impacts of tourism
- Concern over damage to and quality of destinations due to climate change
- Growing awareness among our customers of sustainability issues



Embedding continued



40

The number of full-time equivalent colleagues working on sustainable development at TUI Travel

Managing sustainable development

This year, the Group has maintained and enhanced its governance structure for sustainable development. There are now more than 40 full time-equivalent colleagues working on sustainable development within TUI Travelⁱⁱ. Johan Lundgren, Managing Director of the Mainstream Sector, Northern Region, is responsible for reporting on sustainable development to the TUI Travel PLC Board. Dermot Blastland, Managing Director of TUI UK & Ireland has responsibility for reporting on sustainable development to the Group Management Board. From 1 October 2010, Dermot Blastland will take on the role as Group Sustainable Development Director. The Group Management Board acts as the Group Steering Committee and sets the strategic direction and long term objectives for sustainable development.

The Group Sustainable Development department's role is to drive sustainability performance across the Group towards FTSE100 best practice. It also has a particular remit to guide TUI UK & Ireland's strategy and activities in this area. Each Sector of our Group has a sustainable development coordinator with a remit to develop and implement sustainable development strategy within their Sector. This year, the Sector coordinators have appointed a network of champions to support them in the delivery of Group and Sector sustainable development strategy.

Across our nine sustainable development workstreams, covering our priority areas, groups of key colleagues meet to tackle issues and develop programmes of work. For example, in our Carbon Management workstream, fuel managers meet to identify possible reductions in our carbon emissions from aviation; and in Our Customers workstream we share best practice amongst marketing colleagues.

Evaluating our performance

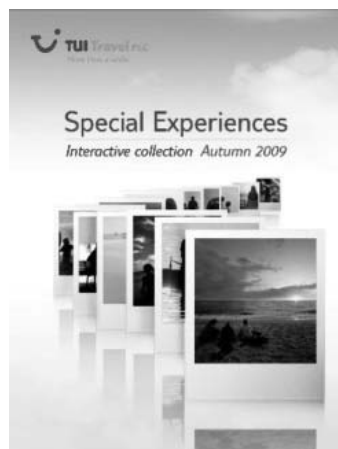
To understand our performance and to measure progress, we have incorporated sustainable development questions into regular colleague surveys at Sector and Group level and we have launched an annual Sustainable Development Evaluation of TUI Travel tour operating businesses, as well as specific surveys of airlines, hotels and water transport operations.

Code of Conduct

The Group Code of Conduct covers a wide range of issues including human rights, conflicts of interest, business ethics, transparency and fair competition, and commits TUI Travel to uphold the principles of the UN Global Compact. It has been communicated to TUI Travel colleagues during 2009 and is widely available on Group, Sector and business intranets. We are currently developing further training and communications to bring the Code of Conduct to life for our colleagues. To read our Code of Conduct visit www.tuitravelplc.com



Embedding continued



Responsible Leadership
– one of our four
company values

Our values

TUI Spirit – our vision and values

Our common vision and values unite us across the Group and we call this our TUI Spirit. Our vision is Making Travel Experiences Special and our four values are:

- Responsible leadership;
- Customer obsessed;
- Value driven; and
- Playing to win.

Winning behaviours have been developed to help embed these values in everyday working life in a number of ways. These behaviours allow us to truly engage in our work and optimise our performance as individuals and as a business.

The wording of our Responsible Leadership value is: “We are committed to sustainable development and to making a positive impact on society. We know leadership has to be earned and we never take it for granted. We communicate openly and easily and help each other develop and grow. We celebrate local differences and actively seek to contribute to a better world.”

Bringing our values to life

Our businesses have adapted these values in different ways to suit their requirements and circumstances. In TUI Nordic they are called Blue Spirit and in TUI UK & Ireland they are part of the internal brand Be Special. In the Activity and Specialist & Emerging Markets Sectors, colleagues nominated individuals and teams for TUI Spirit awards. In TUI Deutschland, TUI Spirit champions have been selected to help develop ways to incorporate TUI Spirit further into everyday working life. Our Special Experiences Collection showcases stories and experiences of colleagues across the Group, living the values in their daily working lives (see our [Annual Report 2009](#), page 23).

Working with stakeholders

TUI Travel PLC regularly engages with internal and external stakeholders. Communicating with the groups who have an interest in our Company and its activities helps us develop as a business and incorporate respect for the environment and people into the way we work. TUI Travel PLC engages with customers, colleagues, investors, industry partners, suppliers, stakeholders in destinations, governments, non-governmental organisations and experts in sustainable tourism. Where possible, we have incorporated their feedback into our sustainable development strategy. TUI Travel’s senior management are regular public advocates for sustainable tourism, in the media, at industry and governmental events, and with other audiences.

Examples of working with our stakeholders can be found in the following sections of this report – Carbon Management ([see page 13](#)), Destinations ([see page 20](#)), Our Colleagues ([see page 26](#)) and Our Customers ([see page 31](#)).



Reducing carbon emissions across our operations

78.1g CO₂/RPK

*Average Revenue Passenger
Kilometre across TUI Travel
airlines in 2008/09*

34,000

*tonnes of CO₂ saved by TUI
Travel airlines' fuel conservation
programmes in 2008/09*

11
TUI Travel is included in the Carbon Disclosure Leadership Index, which highlights the top 10% of FTSE350 companies that have displayed the most professional approach and transparency to climate change disclosure available at www.tuitravelplc.com/sustainabledevelopment



Travel and tourism account for 11% of the world's GDP and 12% of its exports, and are responsible for around 5% of global CO₂ emissionsⁱⁱⁱ. As a leading tour operator, our challenge is to prepare for a low-carbon society by further reducing our environmental impacts, while ensuring we preserve tourism's social and economic benefits – both for the host community and our customers.

We are very aware that destination quality, attractiveness, weather and comfort levels are key determinants of customer decision-making, the quality of holiday experiences and thus our business success. The natural and cultural assets on which our products are built could be affected by climate change through changes in weather patterns, pressure on energy and water supplies and damage to infrastructure – all of which may impact on our holiday planning. We aim to embed carbon management into key business processes in order to limit our contribution to climate change. Climate change has been identified as a strategic and emerging risk in relation to our business (see our *Annual Report 2009*, page 21). By focusing on carbon management we are able to achieve cost efficiency savings and respond to growing customer demand for greener holidays.



In 2008/09, TUI Travel's direct carbon footprint (from diesel, gas, kerosene and petrol) was 6,447,370 tonnes of CO₂, a reduction of 3.6% since 2007/08. This reduction is attributable to ongoing aircraft fleet consolidation, as well as fuel conservation measures. In terms of relative efficiency for TUI Travel airlines the position weakened very slightly, from 77.9g CO₂ per RPK (Revenue Passenger Kilometre) in 2007/08 to 78.1g CO₂ per RPK in 2008/09. However, we still remain one of the most efficient airlines in Europe. Furthermore, we are making significant investment in new replacement technology like the Boeing 787, which will have exceptional environmental performance.

TUI Travel has a carbon management strategy covering aviation, water transport, major premises, ground transport and flagship hotel properties. TUI Travel is monitoring and preparing for regulatory proposals on climate change that could have a fiscal impact. By addressing our carbon impacts and putting measures in place to reduce current and future carbon emissions, we are in a good position to respond to carbon legislation.

Goal: To reduce TUI Travel's direct carbon emissions by 6% by 2013/14 (against a baseline of 2007/08) in terms of total carbon emissions as well as relative (per passenger) carbon emissions based on current operational structure and plans.

Board sponsor: Paul Bowtell, Chief Financial Officer



Reducing carbon emissions across our operations continued



TUIfly Nordic has an ISO14001 certified Environmental Management System – the first leisure airline to attain this external certification

92%

percentage of businesses that have targets in place to reduce the environmental impact of their operationsⁱⁱ

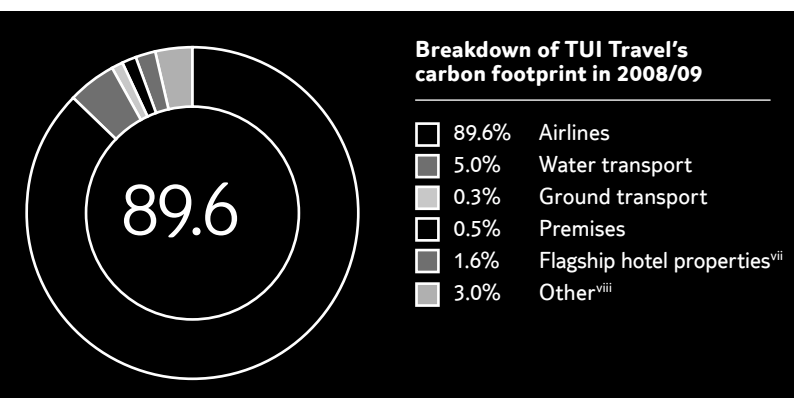
Carbon legislation & policy

Although national and international regulations present operational challenges, we also welcome the opportunity to move beyond simply complying with the letter of the law, to exceed industry benchmarks. TUI Travel worked closely with the UK Conservative Party Shadow team ahead of the recent election to assist in their thinking on replacing the UK APD (Air Passenger Duty) with a per plane tax, which the new coalition government is now considering (and TUI Travel strongly supports). Thomson Airways, our UK airline, has excellent load factors (90% in 2008/09) and fuel-efficiency per Revenue Passenger Kilometre (RPK) of 75.5g CO₂ in the same year and should therefore be well placed to benefit from a per plane tax that rewards and incentivises responsible aircraft operators. Thomson Airways performance compares very favourably with both global scheduled airlines and low-cost airlines.

We are supportive of the inclusion of aviation in the European Union's Emissions Trading Scheme (EU ETS) but believe there should be a global emissions trading framework for aviation which channels monies raised from auctioning emissions allocations into environmental solutions rather than national coffers. We also do not want to see the aviation industry being hit twice, both by national governments in tax raising schemes and also by EU ETS. The EU ETS and the UK Carbon Reduction Commitment Energy Efficiency Scheme (CRC) www.decc.gov.uk/crc will reward our energy saving practices including the fuel efficiency record of our aircraft fleet and our focus on low energy fittings in our retail refurbishment programme.

Carbon management in action

Threats from climate change make a clear business case for a prudent approach to environmental management, which has been embraced by the Board and throughout our organisation. In advance of likely mandatory carbon reporting in the UK and the EU, we are already capturing, monitoring and reporting data on carbon emissions and setting year-on-year targets for emission reductions.



TUI Travel's carbon footprint in 2006/07, 2007/08 and 2008/09 (tonnes of carbon dioxide equivalent)

	2006/07	2007/08	2008/09
Scope 1 emissions ^{iv}	7,173,814	6,564,026	6,297,794
Scope 2 emissions ^v	95,021	53,475	104,408
Scope 3 emissions ^{vi}	Not available	70,597	45,167
Total	7,268,835	6,688,097	6,447,370
% reduction year on year	N/A	8%	3.6%



Reducing carbon emissions across our operations continued



Boeing 787

TUI Travel is scheduled to be the UK launch customer

Airline Environmental Managers were appointed in TUIfly Nordic and Thomson Airways

We have committed to reducing TUI Travel's direct carbon emissions by 6% by 2013/14 (against a baseline of 2007/08) in terms of total carbon emissions as well as relative carbon emissions, based on current operational structure and plans.

As well as appointing Airline Environmental Managers in Thomson Airways and TUIfly Nordic we are maintaining a progressive fuel conservation programme across TUI Travel airlines, which saved over 34,000 tonnes of carbon dioxide in 2008/09. TUI Travel is replacing older aircraft with new, more fuel efficient models, such as the Boeing 787 Dreamliner, which is due to have 20% lower fuel burn than a comparably-sized aircraft operating today.

By improving our environmental performance we are experiencing eco-efficiencies such as TUI UK & Ireland's PC switch-off initiative which is estimated to save 4.5M kWh of energy in 2008/09 (2,000 tonnes of CO₂). We are also encouraging all of our mainstream tour operating businesses to adopt the Travelife Sustainability System – helping to reduce carbon emissions from our third party suppliers.
www.its4travel.com

As well as our carbon management strategy to reduce carbon emissions across our operations the Group contributes to many carbon emission reduction projects around the globe. TUI Travel, in partnership with ClimateCare, has invested in five exclusive renewable energy projects in destinations important to TUI Travel, that are scheduled to deliver in excess of 400,000 tonnes of CO₂ reductions by the end of 2012. The projects are all accredited to Gold Standard, an independent organisation that verifies the delivery of robust carbon reduction and additional community benefits.

www.cdmgoldstandard.org
www.jpmorganclimatecare.com

Working with stakeholders – carbon management

Our many stakeholders expect us to operate as an environmentally responsible company and to provide transparent evidence of our carbon management and footprint. We have developed collaborative partnerships with many stakeholders whose insight and guidance is helping us to develop a more progressive position on aviation and climate change. For example:

- We are working with Forum for the Future to pilot their Better Decisions, Real Value tool – a set of methodologies to help make financial decisions about sustainable development issues www.forumforthefuture.org
- We are a partner of the EU Clean Sky project which aims to conduct research on how to minimise en route aviation emissions across Europe's skies www.cleansky.eu
- We are a member of the Prince's May Day Network, a group of UK companies committed to reducing carbon emissions www.maydaynetwork.com
- We are a founding signatory member of the UK aviation industry's Sustainable Aviation group, working to develop a leadership position on aviation and climate change www.sustainableaviation.co.uk
- We are a member of SAFUG (Sustainable Aviation Fuel Users Group), an initiative comprising a number of global airlines whose principal aim is to accelerate the commercialisation and usage of sustainable aviation fuels www.safug.org
- We are a member of the Passenger Shipping Association's Sustainable Tourism Committee, set up to share best practice www.the-psa.co.uk



Carbon Management targets

Workstreams	Our 2008/09 targets	How we performed	Our targets for 2009/10
Airlines Reduce carbon emissions from our fleet of aircraft by 6% by 2013/14 (against a baseline of 2007/08)	Group: Set carbon reduction targets for each airline	Achieved: Carbon reduction forecasts have been set for each airline	Group: Establish a TUI Airlines Biofuels Working Group to research and develop a biofuel strategy
	TUI Nordic: Achieve ISO14001-certified Environmental Management System in TUIfly Nordic	Achieved: TUIfly Nordic has an ISO14001 certified Environmental Management System <i>TUI Travel airlines emitted 5,778,712 tonnes of carbon dioxide in 2008/09</i> <i>TUI Travel airlines emitted on average 78.1g of carbon dioxide per revenue passenger kilometre (CO₂/RPK) in 2008/09</i>	Group: Establish a TUI Airlines Environmental Working Group to develop a groupwide approach to environmental issues (non-fuel conservation) Group: Fit winglets to another 10% of TUI Travel Airlines aircraft Group: Roll out sustainable development clauses in airline procurement processes in one or more Sectors TUI Nordic: Sort and recycle 50% of waste generated onboard TUI Nordic flights TUI UK & Ireland: Achieve a minimum of 97% compliance for monitored on-track departures and continuous descent approaches for Thomson Airways (excluding Air Traffic Control instructed or safety related deviations) TUI UK & Ireland: Reduce the weight of Thomson Airways fleet by 6.5 tonnes by the end of 2010
Water Transport Reduce carbon emissions from our cruise operations (those we operate or where we control fuel use)	Group: Set carbon reduction target for cruise operations	Achieved: Carbon reduction target was set for Thomson Cruises. See 2009/10 target	Group: Achieve a 5% reduction in carbon emissions from Thomson Cruises' Egyptian cruise programme in 2009/10 versus 2007/08 baseline
	Group: Develop best practice guidelines and distribute to cruise businesses	Partially achieved: Data gathering was completed. Target rolled over to 2009/10 <i>TUI Travel cruise operations emitted 301,802 tonnes of carbon dioxide in 2008/09</i> <i>TUI Marine operations emitted 9,119 tonnes of carbon dioxide in 2008/09</i> <i>TUI Travel cruise & expedition ship operations emitted an average of 368g carbon dioxide per passenger kilometre in 2008/09</i>	Group: Develop best practice guidelines and distribute to cruise businesses Activity: Integrate sustainable development clauses into TUI Marine procurement



Carbon Management targets continued

Workstreams	Our 2008/09 targets	How we performed	Our targets for 2009/10
Major Premises Reduce carbon emissions from TUI Travel's major premises (those we own or where we control energy use)	Group: Identify major premises and calculate baseline carbon emissions	Partially achieved: Major premises were identified and baseline carbon emissions data calculated for the majority	No target for 2009/10
	Group: Develop best practice guidelines and distribute to key contacts	Partially achieved: Data gathering was completed. Target rolled over to 2009/10	Group: Develop best practice guidelines and distribute to key contacts
	TUI UK & Ireland: Reduce energy use in offices and shops by 5% (relative to 2007/08)	Partially achieved: Reduction of 2.65% was achieved (relative to 2007/08)	Group: Integrate sustainable development clauses into Group IT procurement
	TUI UK & Ireland: Reduce paper use in offices and shops by 10% (relative to 2007/08)	Achieved: Reduction of 13.45% was achieved (relative to 2007/08) <i>TUI Travel's premises emitted 35,288 tonnes of carbon dioxide in 2008/09</i>	Group: Develop a strategy to comply with the Carbon Reduction Commitment Energy Efficiency Scheme (UK business only)
			TUI Central Europe: Reduce TUI Deutschland's head office energy consumption by 5% by the end of 2011
			TUI UK & Ireland: Reduce Thomson and First Choice shops' carbon emissions by 7%
			TUI UK & Ireland: Recycle 65% of the general waste from Thomson and First Choice shops, and recycle 100% of unused and returned brochures and confidential waste
			TUI UK & Ireland: Reduce brochure printing by 5% by the end of 2010 (printing more than 300 million fewer brochure pages)
			Specialist & Emerging Markets: Reduce carbon emission in the UK Specialist Division head office by 6% (relative to 2008/09)
Ground Transport Reduce carbon emissions from our ground transport operations (those we own and our ground transport suppliers)	Group: Set carbon reduction target for ground transport	Not achieved: This was not achieved. Target rolled over to 2010/11	No target for 2009/10
	Group: Develop best practice guidelines and distribute to ground transport businesses	Partially achieved: Data gathering was completed. Target rolled over to 2009/10 <i>TUI Travel ground transport operations emitted 17,333 tonnes of carbon dioxide in 2008/09</i>	Group: Develop best practice guidelines and distribute to ground transport businesses
	TUI Nordic: Develop the Blue Train by adding routes, shortening journey time and increasing comfort	Achieved: Additional routes and destinations were added to the Blue Train product offering	



Carbon Management targets continued

Workstreams	Our 2008/09 targets	How we performed	Our targets for 2009/10
<p>Flagship hotel properties Reduce carbon emissions from TUI Travel's flagship hotel properties</p>	<p>Group: Identify flagship hotel properties and calculate baseline carbon emissions</p>	<p>Partially achieved: Flagship hotel properties were identified and carbon emission baselines calculated for 95% of properties</p> <p><i>TUI Travel flagship hotel properties emitted 101,625 tonnes of carbon dioxide in 2008/09</i></p>	<p>No target for 2009/10</p>
<p>TUI Travel new-build flagship hotel properties are built to best practice sustainability guidelines and TUI Travel flagship properties operate to exemplary sustainability standards</p>	<p>Group: Draft TUI Travel best practice environmental and social standards for flagship property operations</p> <p>Group: Draft TUI Travel new build best practice sustainability guidelines for siting, design and construction</p>	<p>Partially achieved: Draft guidelines were developed, but this was not achieved within 2008/09</p> <p>Partially achieved: Draft guidelines were developed, but this was not achieved within 2008/09</p>	<p>Group: Finalise TUI Travel new build and operational, environmental and social guidelines for flagship properties</p>



Optimising our holidays' environmental, economic and social impacts



77%

percentage of businesses actively engaging with suppliers on environmental issuesⁱⁱ

94%

percentage of businesses supporting environmental and/or social projects in destinationsⁱⁱ

We know that the leisure travel industry can have both positive and negative impacts on communities and the natural environment, depending on how these impacts are managed. We are committed to learning more about how our holidays can benefit local livelihoods and protect the environment – putting these insights into practice. This is fundamental to preserving the quality of our product in years to come.

TUI Travel has an extensive supply chain operating across the globe, made up of many different kinds of tour operator and owner of accommodation, both large and small. These businesses are the gatekeepers to TUI Travel's sustainability performance in our destinations, as each of them plays a significant role in managing our impacts on the local community, economy and environment. By focusing on sustainability, our suppliers are able to achieve cost efficiency savings which ultimately give customers better value for money. Our challenge is to extend the reach of our influence to all suppliers and to monitor their progress.

This year we can report:

- 77% of our businesses are actively engaging with suppliers on environmental issuesⁱⁱ
- We rolled out environmental and social contractual standards for accommodation suppliers

- 49% of our businesses have adopted the Travelife Sustainability Systemⁱⁱ www.its4travel.com, an industry tool used to audit and support tourism businesses on social and environmental criteria and highlight best performers to our customers
- 94% of businesses support environmental and social projects in destinationsⁱⁱ
- We initiated a project to measure the socio-economic impact of an all-inclusive hotel property in Turkey. In 2009/10 the key findings will be published and recommendations implemented.

Our two workstreams are Supplier Management and Destination Projects.

Supplier Management Goal: Ensure all suppliers in our destinations follow sustainability policies and have continuous improvement programmes in place.

Destination Projects Goal: TUI Travel, working with partners, will make measurable improvements to local livelihoods and environmental protection in our destinations.

Board sponsor: Dermot Blastland, Managing Director, TUI UK & Ireland



Optimising our holidays' environmental, economic and social impacts continued



100 – Most environmentally friendly hotels awarded TUI Umwelt (Environmental) Champions each year



50% – the percentage of TUI UK & Ireland customers accommodated in Travelife audited hotels in 2008/09

Supplier Management

Supplier standards

Our principal suppliers are hotel owners & operators and transport & excursion providers. Our UK and destination teams undertake regular inspections of accommodation, transport and excursion suppliers to assess not just health and safety, but also quality and sustainability. We work with our suppliers on a cycle of continuous improvement. If suppliers fall below our expectations, we remove them from our programmes. In addition to health and safety standards the Travelife Sustainability System www.its4travel.com has been adopted by a number of businesses in the Mainstream Sector and in the Specialist & Emerging Markets Sector. TUI Travel completed more than 400 Travelife hotel sustainability audits during 2009 and by the end of this period 132 hotels had received Travelife awards. TUI Western Europe launched a website for suppliers to encourage support for the Travelife Sustainability System www.tuigreen.com. Over the next year our other mainstream tour operating businesses will progressively adopt the Travelife Sustainability System.

TUI Central Europe is continuing with its well recognised TUI Umwelt Champion ('Environment Champion') award for its 100 most environmentally friendly hotels www.tui-deutschland.de/umwelt and TUI Nordic is working to achieve ISO14001 certification in all Blue Village flagship properties in Europe and Turkey by the end of 2010 www.fritidsresor.se.

We are working particularly closely with our flagship hotel suppliers to drive cutting edge sustainability performance, going beyond best practice benchmarks. In 2008/09, TUI UK & Ireland appointed an environmental management professional to carry out Environmental Diagnostic Audits for hotel properties in Turkey, Greece, Egypt and Spain. As an example of industry leading practice, First Choice Holiday

Village Cyprus uses an average of 178 litres per guest per night and 17.2 kWh of energy.

Environmental and social contractual standards
This year our Mainstream Sector Northern Region and Specialist & Emerging Markets Sector introduced environmental and social contractual standards for accommodation suppliers. The contractual standards require each hotelier to initiate (or continue to develop) a sustainability programme, managing their impacts on the environment, their employees and the local community. Over the course of the next financial year, these environmental and social contractual standards will be embedded into the accommodation contracting processes of all our mainstream tour operating businesses.

Animal welfare

We experience high demand amongst our customers for visits to captive animal attractions whilst on holiday. The issue of animals in captivity is a sensitive one for our customers as well as for our Company. Our objective is to encourage suppliers to achieve best practice in animal welfare in the captive and non-captive animal attractions to which we facilitate visits for our customers. This year, we developed a Groupwide policy on animal welfare, our 95 destination supplier auditors received training from the Born Free Foundation www.bornfree.org.uk on this issue, and our regular quality checks now include key animal welfare criteria for animal attractions. In 2009/10 we are implementing a Travelife audit programme for all major animal attraction excursion venues used across the Group. TUI Travel is also an active member of the ABTA Animal Welfare Committee, working collaboratively with industry peers to improve animal welfare standards.



Optimising our holidays' environmental, economic and social impacts continued



57,600

the number of trees to be planted in a nature reserve in Majorca by TUI Deutschland

€2 million

donated to over 114 charities by TUI Travel businesses in 2008/09ⁱⁱ

Destination Projects

Destination initiatives

Across the Group, we communicate opportunities for our businesses to support destination projects. In 2008/09, 94% of businesses supported environmental and social projects in destinationsⁱⁱ and 81% of our businesses have destination initiatives which they consider benefit local livelihoodsⁱⁱ, many of which are in collaboration with The Travel Foundation www.thetravelfoundation.org.uk. In January 2009, TUI Central Europe launched Futouris, a new initiative that aims to use the resources of several tour operators in the region. The initiative will promote projects for improving living conditions, supporting education, protecting nature and the environment, and preserving biodiversity www.futouris.org. In October 2009, TUI Deutschland started to plant a forest in the Llevant nature reserve, in eastern Majorca. 57,600 wild olive and pine trees will be planted over a number of years on a 48-hectare site, to stop the continuing ground erosion of the coastal slopes and to raise awareness of environmental issues among customers.

Measuring our socio-economic impacts

We have initiated a project, together with the Overseas Development Institute and the Travel Foundation, to gain a better understanding of the socio-economic impacts of our operations in developing destinations, particularly in relation to the growing all-inclusive holiday market. The project measured the linkages between a large all-inclusive hotel (First Choice Holiday Village Turkey) and the local economy and proposed interventions to strengthen these links. We are working to incorporate the learnings into operations and replicate them across our other flagship properties. We will publish the results in the coming year.

Child protection

We are committed to child protection – both those children we take on holiday and those in destinations. TUI Travel businesses have been engaged for many years in the protection of children in tourism, and many have policies, processes and training in place to help colleagues and customers recognise suspicious situations and report them to the proper authorities. Our Group-wide Child Protection Policy can be viewed here www.tuitravelplc.com/sustainabledevelopment. A number of TUI Travel businesses have signed the Child Protection Code www.thecode.org, and in 2010 this will be extended to all Mainstream Sector businesses.

Charity

In the last year, businesses supported more than 114 source market and destination charities with nearly 2 million Euros donatedⁱⁱ. Our Groupwide charity policy and guidelines help businesses to ensure transparency, report annual monies collected and manage charity relationships.

Charitable activities at TUI Travel:

- World Care Fund www.thomson.co.uk/worldcarefund, www.hayesandjarvis.co.uk/worldcarefund
- Futouris www.futouris.org
- Peregrine & Gecko's Community Trust www.peregrineadventures.com/community-trust
- The Adventure Company Foundation www.adventurecompany.co.uk/responsible-travel.aspx
- i-to-i Foundation www.i-to-i.com



Optimising our holidays' environmental, economic and social impacts continued



£3million

the amount raised and donated to date by TUI UK & Ireland to the Born Free Foundation
www.bornfree.org.uk



£2million

the amount raised and donated to date by TUI UK & Ireland to the Travel Foundation
www.thetravelfoundation.org.uk

Working with stakeholders – destinations

We are conscious of the pressures that tourism can place on local populations and resources and therefore work collaboratively with communities, local and national governments, NGOs and trade associations to support sustainable management of destinations and shape our strategy in this area.

For example:

- We chair the ABTA (Association of British Travel Agents) Responsible Tourism Committee, responsible for pioneering the Travelife Sustainability System www.abta.com
- We chair the sustainable development committee of the Dutch Association of Travel Agents and Tour Operators (ANVR) and is a member of IDUT, the Dutch national network for sustainable development of outbound tourism www.anvr.travel
- We are working in partnership with Deutscher ReiseVerband (DRV), the German travel industry association, a patron of the Futouris initiative, a new platform for sustainable tourism www.driv.de
- We are a member of The Tour Operators' Initiative (TOI), a non-profit association working closely with UNWTO and UNEP to promote best practice in sustainable development among tour operators www.toinitiative.org
- Our businesses, in particular our destination teams, work with local authorities and communities on relevant issues and we support their initiatives – 94% of businesses support environmental and/or social projects in destinationsⁱⁱ
- We are a core partner in the Tourism 2023 initiative, through which we are working to create a sustainable future for tourism

www.forumforthefuture.org/tourism-2023

- We are working with the Overseas Development Institute to understand and increase our holidays' benefit to local livelihoods www.odi.org.uk
- We have a TUI UK board director on the trustee board of the UK Travel Foundation, a charity which helps the travel industry to understand, manage and take effective action on sustainable tourism www.thetravelfoundation.org.uk
- We are working with Tourism Concern. Exodus, one of our Activity Sector brands, is a member of their Ethical Tour Operators' Group and Tourism Concern works with the Group towards best practice www.tourismconcern.org.uk
- We have been working with the Born Free Foundation since 1995, to improve the welfare of animals in captivity www.bornfree.org.uk
- We are working with the Dolphin Fund, to complement our dolphinarium auditing efforts worldwide www.dolphinfund.eu



Supplier Management targets

Workstream objectives	Our 2008/09 targets	How we performed	Our targets for 2009/10
TUI Travel suppliers adhere to contractual environmental and social standards	Group: Develop TUI Travel environmental and social contractual standards for accommodation suppliers	Achieved: Standards were developed and rolled out in Mainstream Sector Northern Region and Specialist & Emerging Markets <i>69% of supplier contracts contain environmental and/or social minimum standardsⁱ.</i>	Group: Expand the use of TUI Travel's environmental and social contractual standards for accommodation suppliers across all TUI Travel mainstream tour operating businesses Group: Develop online training tools to brief TUI Travel purchasing managers on the environmental and social contractual standards for accommodation suppliers across the Mainstream Sector TUI UK & Ireland: Extend accommodation contracts to include mandatory subscription to the Travelife Sustainability System by Summer 2011
Support the improvement of supplier performance on sustainable development	Group: Extend adoption of the Travelife Sustainability System across TUI Travel businesses and suppliers as appropriate Group: Audit 400 top hotels using the Travelife Sustainability System	Achieved: As well as TUI UK & Ireland, Travelife has now been adopted by businesses in TUI Western Europe and Specialist & Emerging Markets <i>49% of businesses are using the Travelife Sustainability Systemⁱⁱ</i> Achieved: 400 top hotels were audited using the Travelife Sustainability System, which together accommodate more than 50% of TUI UK & Ireland's customers <i>132 hotels achieved Travelife awards by the end of Summer 2009, which together accommodate more than 21% of TUI UK & Ireland's customers</i>	Group: Extend the use of the Travelife Sustainability System across all mainstream tour operating businesses Group: Organise destination accommodation supplier dialogue/training on best environmental and social practice Group: Audit a further 100 hotels using the Travelife Sustainability System



Supplier Management targets continued

Workstream objectives	Our 2008/09 targets	How we performed	Our targets for 2009/10
Increase the proportion of 'sustainable' products available to customers	Group: Launch initiatives to market 'sustainable' products in key markets	Achieved: 81% of businesses are identifying greener/fairer holidays and promoting them to customers ⁱⁱ . TUI UK & Ireland launched First Choice's Greener Holidays online brochure and TUI Deutschland launched Gruene Welten, a dedicated website. Other businesses in TUI Western Europe, Activity and the Specialist & Emerging Markets Sectors also identify greener holidays in brochures and websites	<p>TUI UK & Ireland: 25% of customers staying in Travelife-awarded hotels by end of Summer 2010</p> <hr/> <p>TUI Nordic: 100% of TUI Nordic Blue Village flagship properties in Europe & Turkey to be ISO14001 certified by the end of 2010</p>
Improve captive animal welfare in excursion venues used by TUI Travel	Group: Develop captive animal welfare guidelines and communicate to key contacts	Achieved: Group captive animal welfare guidelines were developed and cascaded	<p>Group: Implement a Travelife audit programme at major animal attraction excursion venues</p> <hr/> <p>Group: Initiate Travelife animal attraction audits for animal attractions which together cater for over 50% of TUI UK & Ireland's customers by the end of 2010.</p>



Destination Projects targets

Workstream objectives	Our 2008/09 targets	How we performed	Our targets for 2009/10
Support destination initiatives to stimulate increased local involvement in tourism supply chain	Group: Communicate opportunities for taking part in current projects across TUI Travel business and generate increased support	Achieved: We communicated opportunities for businesses to support current destination projects and support for several projects has increased <i>81% of businesses have destination initiatives which benefit local livelihoodsⁱⁱ</i>	Group: 85% of businesses to have destination initiatives which benefit local livelihoods Group: Raise £2 million for the World Care Fund in 2009/10
	Group: Finalise and communicate Groupwide charity policy	Achieved: A Groupwide charity policy and guidelines were developed and cascaded <i>In 2008/09, TUI Travel businesses supported over 114 charities with nearly 2 million Eurosⁱⁱ</i>	
Increase economic benefits to local communities in TUI Travel flagship all-inclusive properties	Group: Initiate a project to measure and improve the socio-economic impact of TUI Travel hotels	Achieved: A project was initiated with Overseas Development Institute and the the Travel Foundation focussing on an all-inclusive hotel property in Turkey	Group: Complete the project to measure and improve the socio-economic impact of a TUI Travel all-inclusive hotel, incorporate learnings into operations and publish results
Implement the principles of the Child-Protection Code across TUI Travel businesses	Group: Develop policy and guidance for the protection of children in tourist areas	Partially achieved: A Group Child Protection policy was developed, but this was not achieved within 2008/09	Group: Mainstream Sector businesses to sign up to the Child-Protection Code
Influence improvements in the sustainable management of key destinations	TUI Central Europe: Pilot destination audits to better understand specific sustainability issues in key destinations	Achieved: TUI Deutschland managers completed sustainability surveys in 57 destinations and key issues were incorporated into customer communications	Group: Support sustainability destination projects in Turkey and the Canaries
	TUI Central Europe: Start to plant the first TUI forest in east Majorca	Achieved: TUI Deutschland has committed to planting 57,600 trees in the Llevant nature reserve in Majorca (over 12,000 planted to date)	



Involving and empowering our colleagues to take action for sustainability



Be magazine - TUI UK & Ireland's colleague magazine includes sustainability stories

99%

percentage of businesses that communicate regularly with colleagues on sustainability (90% in 07/08)ⁱⁱ



Our aim is to make sustainable development tangible to each and every colleague within our business. We'll do this by living our value of Responsible Leadership and involving and empowering our colleagues to take personal action in support of our company vision – Making Travel Experiences Special.

We communicate regularly about the progress we have made on our journey towards securing a sustainable future for our industry. We continue to build sustainability into our colleague inductions and training programmes, including development programmes for managers. Colleague volunteering is encouraged in many parts of our Company.

This year we can report:

- We have set up a network of sustainability champions
- 220 travel agencies have been trained on sustainable tourism in TUI Nederland
- 73% of businesses have training for colleagues on environmental and social issuesⁱⁱ
- 75 senior managers took part in our leadership programme, working with an ecotourism business in Costa Rica



Goal: Our sustainable development coordinators will have a thorough and growing understanding of sustainable development and will act as both internal and external ambassadors to promote TUI Travel's activities. All of our colleagues will have a basic understanding of the issues to enable them to play a positive part in the Group's commitments.

Board sponsor: Bill Logan, Group HR Director



Involving and empowering our colleagues to take action for sustainability continued



2,000

number of colleagues that attended
TUI Deutschland's Green Day

73%

percentage of businesses that train
colleagues on environmental and
social issues (62% in 07/08)ⁱ

87%

the percentage of colleagues who
agree that TUI Nordic is taking
responsibility for the environment

Communicating sustainability

Communication plays a key part in engaging our colleagues with sustainable development. We provide regular updates using Group, Sector and business communication channels (i.e. intranets and newsletters), to update colleagues about ongoing sustainable development activities, and to highlight colleagues' contributions.

Each Sector of our Group has a sustainable development coordinator with a remit to develop and implement sustainable development strategy within their Sector. This year, the Sector coordinators have appointed a network of champions to support them in the delivery of Group and Sector sustainable development strategy. Our sustainable development coordinators work as a network across the Group, also staying in touch through a collaborative online platform, sharing best practice and research. Sector sustainable development coordinators work with a network of sustainability champions and Green teams to promote the issues to our colleagues, and to create opportunities for our colleagues to take action.

Bringing sustainable development to life

Green Days

Throughout our businesses, Green Days provide an annual event where colleagues can take action, learn more about sustainable tourism, our strategy and goals in sustainable development, and what this means for them in their own role.

TUI Deutschland

In Germany, on Green Day, the reception area of the head office was transformed into a sustainable marketplace. Some 2,000 colleagues visited the area where they could taste locally grown, organic food, get tips for health and wellbeing, and even test their personal fitness and strength on an indoor water rower. Colleagues could also donate unwanted clothes to Oxfam, buy Fair Trade products, and learn about TUI Deutschland's commitment to child protection in tourism. Talks on the day explained TUI Deutschland's involvement in the sustainable tourism initiative Futouris and volunteering in the community.

TUI UK

To celebrate World Environment Day, Dermot Blastland, Managing Director for TUI UK & Ireland invited all colleagues to join him in making a pledge to do one thing to reduce their impact on the environment. In overseas destinations, World Environment Day was celebrated with a whole range of activities, involving our colleagues and our customers in resorts. Activities ranged from environmental themed children's entertainment, competitions and prizes, to beach clean-ups, no-towel-change day and encouraging colleagues and customers to walk instead of taking taxis or driving during the day.

Colleague volunteering

Volunteering allows our colleagues to use their professional skills to make a difference, either in a local charity or their



Involving and empowering our colleagues to take action for sustainability continued



75

senior managers took part in our leadership programme, working with an ecotourism business in Costa Rica.



100

number of sustainable development champions appointed and trained in the Specialist & Emerging Markets Sector

choice, or as part of an organised placement with one of our charity partners. In the UK, colleagues participated in our volunteering programme run with our charity partner The Travel Foundation. Our colleagues worked in pairs during a two week placement. Activities included designing a customer excursion to a tree nursery in Sri Lanka, implementing water and energy saving measures with hoteliers in Cyprus, and helping an underprivileged Mayan community produce and launch jams for use in our Mexico hotels.

TUI Nederland takes sustainable tourism to travel agents TUI Nederland was the first Dutch travel organisation to launch a sustainable tourism policy for its 220 travel agencies. During the year, the stores received training and practical information on sustainable tourism.

Managers work on Ecotourism business in Costa Rica This year, 75 senior managers from across the Group had the opportunity to attend a four-day offsite development programme in Heliconias, Costa Rica. The programme was designed by Group Management Development working in collaboration with i-to-i, one of our Activity Sector businesses. Each group of managers completed building work for this small eco-tourism business in the rainforest. This was a live case study where managers applied the Group's Managing for Value framework to identify opportunities that improved business processes and increased the long-term value generated by the business.

MD challenge

In the Specialist & Emerging Markets Sector, Managing Directors responded to a challenge to showcase how they had taken personal action or worked with their teams to bring the value of Responsible Leadership to life. For example, the Managing Director of UK Specialist short haul brands (Meon,

Citalia and Sovereign), volunteered and raised funds for charity "Food Works" which provides healthy tasty food for homeless or vulnerable people in London and across the UK, using excess food discarded by retailers and restaurants.

Family Holiday Association

Our colleagues have a history of supporting local charities and community organisations. The Family Holiday Association (FHA) is the TUI Travel PLC Board's nominated charity. The FHA provides holidays to disadvantaged children and their families, helping over a thousand families every year. We have supported the charity for over 15 years, through company, colleague and customer donations. In 2008/09, a full-time Family Holiday Association Fundraising Liaison Manager was appointed in TUI UK & Ireland. www.fhaonline.org.uk

Working with stakeholders – colleagues

We have developed a number of core questions relating to Responsible Leadership and sustainable development that businesses and Sectors include in colleague opinion surveys. We also gather feedback from colleagues on sustainability issues through focus groups.

Our targets for colleague engagement focus on embedding our commitment to Responsible Leadership into our everyday processes, such as inductions, training courses and colleague communications. To read more about our policies (supporting diversity, reward & recognition and engaging our colleagues for long-term high performance) please see our [Annual Report 2009](#), page 22.



Our Colleagues targets

Workstream objectives	Our 2008/09 targets	How we performed	Our targets for 2009/10
Embed sustainable development into existing learning and development and internal communications strategies at Group, Sector and business level	Group: Include sustainable development into business inductions	Achieved: 56% of businesses with inductions cover sustainable development issues ⁱⁱ	<p>Group: 65% of businesses to cover sustainable development issues in inductions</p> <p>Group: Organise sustainable development colleague awareness raising initiatives at head offices and overseas</p> <p>Group: Increase scores on our Leadership Voice colleague survey to 76% (responsibility on environmental matters) and 69% (responsibility in the local community)</p> <p>Activity: Re-launch the Charity Day scheme – every year colleagues in the Activity Sector are given a day to work for a chosen charity</p>
	Group: Include sustainable development in Groupwide communications channels	Achieved: Sustainability was included in Groupwide and Sector communication channels (i.e. intranets and newsletters)	
	Group: Share best practice on internal communications and training for sustainable development	<p>Achieved: Group and several Sector best practice sharing sites were developed and best practice presentations were delivered</p> <p><i>99% of businesses communicate with colleagues on environmental and social issuesⁱⁱ</i></p> <p><i>73% of businesses have training for colleagues on environmental and social issuesⁱⁱ</i></p>	
Develop and provide support for colleagues with direct responsibility for sustainable development	Group: Create network of champions with clear job descriptions and personal objectives where appropriate	<p>Partially achieved: The majority of Sector sustainable development coordinators have set up a network of champions. Those who did not will develop theirs within 2009/10</p> <p><i>75% of colleagues with direct responsibility for sustainable development have personal objectives on environmental and social issuesⁱⁱ</i></p>	Group: Facilitate networking and skills development for Sector sustainable development coordinators and business sustainable development champions
	Group: Continue with Groupwide leadership programme	Achieved: 75 senior managers attended the leadership programme in Costa Rica	
Develop and provide sustainable development training for specific Groupwide audiences (senior managers, future leaders and International Management Trainees)	Group: Include sustainable development in TUI Horizons training for future leaders	Achieved: Sustainable development was included in the TUI Horizon programme	Group: Incorporate sustainable development in the Management Trainee programme
		Group: Develop the Group Responsible Leadership programme ^{ix} , launching a project in Thailand in 2010/11 to work with a local community business to build business skills	



Creating and satisfying demand for more sustainable holidays



*Fritidsresor was ranked as the greenest tour operator in Sweden by a consumer brand survey**
www.fritidsresor.se

Green blogging – Easymarket has developed a 'green thread' to engage customers in sustainability
blog.tui.it/tuigreen

Across the business we have been proactive in raising awareness of sustainability issues with our customers. To achieve many of our goals we need customers' support both through the purchases they make and the personal actions they take. Sustainability is still not the major deciding factor for most people when they choose a holiday, but it is in the interests of our destinations and the environment that it becomes a strong influencing factor. We will therefore continue to engage with customers and aim to become their travel company of choice because of our sustainability approach as well as our quality of product and value for money.

We aim to raise awareness, influence choice, change behaviour, and develop and promote new products to encourage responsible holiday choices.

In 2008/09:

- 85% of businesses are communicating with customers on sustainable development issuesⁱⁱ
- 30% of businesses collect customer satisfaction results on sustainable development issuesⁱⁱ
- 49% of businesses carry out market or customer research relating to sustainable development issuesⁱⁱ

Our progress in 2008/09 includes the development of guidance documents on communicating sustainability and carbon offsetting; setting up a best practice sharing site for marketing colleagues across the Group; and developing a customer grading system to determine a baseline on sustainable development customer communication and drive improvements. TUI UK & Ireland, TUI Deutschland and TUI Suisse all launched brochures featuring exclusively greener products, making it easier for holidaymakers to make a more sustainable choice when selecting a holiday.

We plan to build on this work in 2009/10 by launching new brochures showcasing greener products in key source markets; developing an internal award to recognise excellence in sustainable development customer communication; and conducting international consumer research on holidaymakers' perceptions of sustainability to inform our work programme.

Goal: All TUI Travel businesses will deliver good quality communications on sustainable development at each stage of the customer journey, based on robust customer research.

Board sponsor: Johan Lundgren, Managing Director, TUI Northern Region



Creating and satisfying demand for more sustainable holidays continued



Word Care Fund – in-flight
sustainability film for customers
www.firstchoice.co.uk/worldcarefund



Communicating sustainability

In 2008/09, 85% of businesses were communicating with customers on sustainable development issuesⁱⁱ. We want to ensure our businesses are leading their source markets in sustainable development communications, driving demand for greener and fairer holidays.

We developed a guidance document in 2008/09, 'Communicating sustainability at TUI Travel', which aims to help businesses which are not yet communicating with customers on sustainable development issues and acts as a reminder for businesses who have already started. A best practice sharing website has been set up with businesses across the Group.

In April 2009, First Choice published Greener Holidays, the first brochure in the UK market to promote more sustainable mainstream holidays. The online brochure features only those hotels that have earned a Travelife award for their commitment to the environment, their employees and the local community, and provides an easy way for customers to make a more sustainable choice www.firstchoice.co.uk/greener-holidays. TUI Deutschland and TUI Suisse have set up TUI Gruene Welten ('TUI Green Worlds'), a dedicated website to showcase environmentally-friendly hotels, nature experiences and volunteering holidays. Other businesses across the Group also identify greener holidays in brochures and websites. TUI Western Europe highlights over 200 greener hotels who have achieved sustainability certifications such as Travelife awards, ISO14001 and the EU Flower.

We give customers the opportunity to take positive actions to help mitigate the effect of their holiday on the climate. 74% of TUI Travel businesses currently offer a carbon offset to customersⁱⁱ. Groupwide guidance on carbon offsetting was developed, to help businesses understand carbon offsetting, the options available and how to choose a carbon offset provider. In 2009/10, we will develop guidance on communicating child protection issues with customers.

In order to extend and improve TUI Travel businesses' customer communications on sustainable development we plan to develop an internal award to recognise excellence in sustainability customer communications.



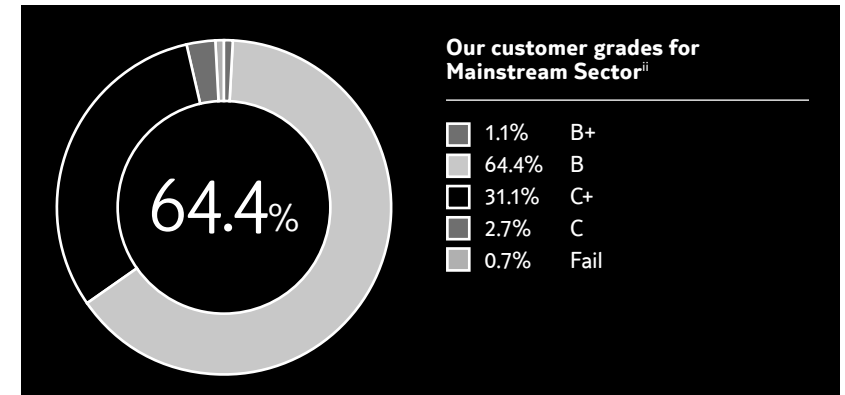
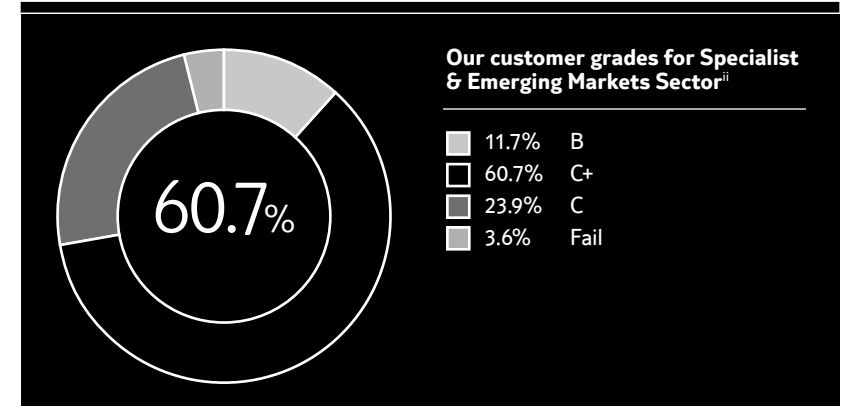
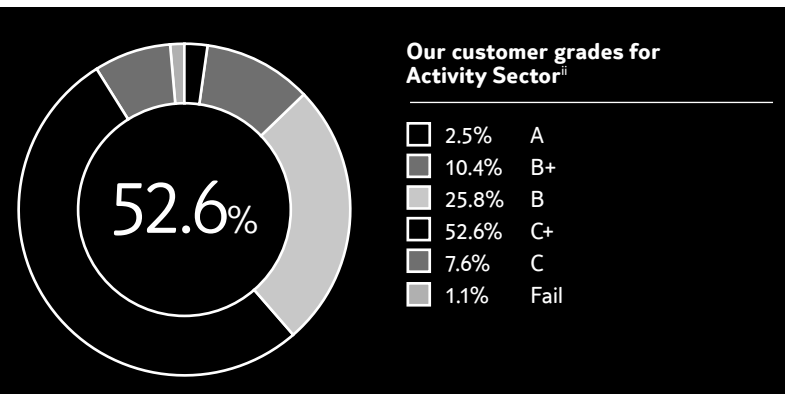
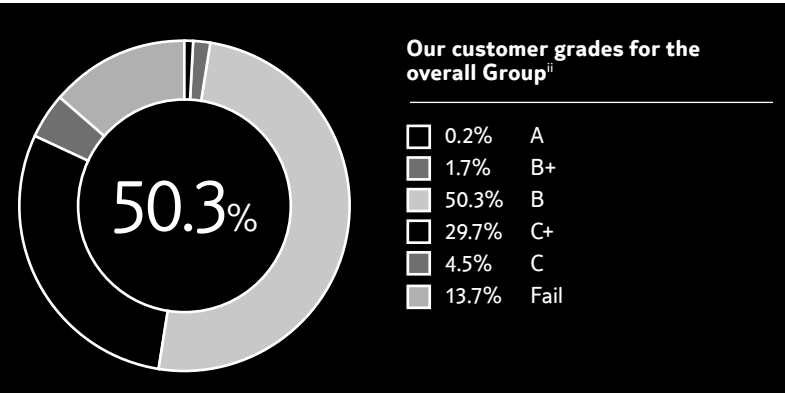
Creating and satisfying demand for more sustainable holidays continued

Activity Sector businesses, The Adventure Company, Sawadee and International Expeditions all achieved an A grade in our customer grading system

www.adventurecompany.co.uk
www.sawadee.nl
www.tetravel.com

Customer grading system

The aim of the Our Customer grading system is to make clear to businesses the extent of their communications compared to others in the Group, and to drive improvement in these efforts. Developed in 2008/09, grades are determined by the breadth and quality of customer communications on sustainability.



Grade A - Sustainable development messages are fully integrated into core customer messages

Grade B - Sustainable development messages complement and support the core customer messages of the business

Grade C - Sustainable development messages are separate from core customer messages



Creating and satisfying demand for more sustainable holidays continued



Demand for ethical and environmentally sensitive travel predicted to quadruple over the next three years^{vi}

73%

percentage of customers who would like to be able to easily identify a greener holiday

The data for the grading system is gathered via the annual TUI Travel Sustainable Development Evaluation. The charts on [page 30](#) highlight the overall Group and tour operating Sector customer grades for 2008/09.

The results reveal TUI Travel businesses are at different stages of communicating with customers on sustainable development. To drive improvements we will develop best practice case studies and each Sector has set customer communication targets for 2009/10.

Working with stakeholders – customers

Customer research

One of our objectives is to share customer research on sustainable development from all our source markets. In 2008/09, 49% of businesses carried out market or customer research relating to sustainable development issuesⁱⁱ.

TUI UK & Ireland conducted online customer research with 800 Thomson and First Choice customers at the end of 2009, which revealed that 82% care about tackling climate change; 92% would expect their holiday company to be working to tackle climate change and support destination communities; 96% care about protecting the local environment and wildlife in the resorts they visit; and 73% would like to be able to identify a greener holiday easilyⁱ. TUI UK & Ireland plan to launch a sustainable tourism campaign and microsite to illustrate the issues and highlight their activities.

Research presented in the Activity Sector's 'A Passport to Adventure – Industry Trend Report 2010' showcased YouGov (2009) research which found that there is increasing consumer demand for authentic travel experiences, with demand for ethical and environmentally sensitive travel predicted to quadruple over the next three years

www.apassporttoadventure.com.

In 2009/10, we plan to conduct international consumer research on holidaymakers' perceptions of sustainability, surveying consumers in eight of our most important source markets (United Kingdom, Germany, France, Belgium, Netherlands, Sweden, Russia and the United States).

TUI Travel businesses request feedback from customers regularly and some offer the opportunity to comment on the environmentally and socially responsible aspects of their holiday. In 2008/09, 30% of businesses collected customer satisfaction data on sustainable development issues, an increase from 10% in 2007/08ⁱⁱ. A sustainable development customer feedback guidance document will be developed to help those businesses who are not yet collecting feedback on sustainability.



Our Customers targets

Workstream objectives	Our 2008/09 targets	How we performed	Our targets for 2009/10
Extend and improve TUI Travel businesses' customer communications on sustainable development	<p>Group: Ensure that all of TUI Travel's consumer-facing businesses are communicating with their customers on sustainable development issues</p> <p>Group: Develop a grading system for customer communications and assess all TUI Travel businesses against it, to drive improvements in future years</p>	<p>Partially achieved: 86% of businesses are communicating with customers on sustainable development issuesⁱⁱ</p> <p>Achieved: A customer grading system was launched and our tour operating businesses assessed</p>	<p>Group: 90% of TUI Travel consumer-facing businesses to communicate with customers on sustainable development issues</p> <p>Group: Improve the customer grading system results – 60% of businesses to be grade B and above</p> <p>Group: Develop an internal TUI Travel award for sustainable development customer communications</p> <p>Group: Launch brochures featuring greener products in our key source markets</p> <p>TUI UK & Ireland: Launch a sustainable tourism campaign and microsite to highlight sustainable tourism issues and activities</p>
Share customer research on sustainable development from all our source markets	No specific target for 2008/09	<i>30% of TUI Travel businesses collect customer feedback on sustainable development issuesⁱⁱ</i>	<p>Group: 70% of businesses to collect customer feedback on sustainable development issues</p> <p>Group: Conduct international consumer research on holidaymakers' perceptions of sustainability</p>
Establish Groupwide guidance on specific customer engagement issues	<p>Group: Identify additional customer engagement issues requiring Groupwide guidance</p> <p>Group: Develop and communicate Groupwide guidance on carbon offsetting schemes</p>	<p>Achieved: Child protection was identified as an issue. See 2009/10 target</p> <p>Achieved: Carbon offsetting guidance was developed and cascaded</p> <p><i>74% of TUI Travel businesses offer a carbon offset to customersⁱⁱ</i></p>	<p>Group: Develop and communicate Groupwide guidance on child protection</p>



Data & materiality

Data and materiality

This update, published in August 2010, is TUI Travel PLC's second Sustainable Development Report. We intend to publish the next full Sustainable Development Report more closely aligned with TUI Travel's Annual Report.

You can find our first full Sustainable Development Report, and First Choice Holidays PLC reports from 2005 onwards, at www.tuitravelplc.com/sustainabledevelopment

Scope

The scope of this report includes data and progress on sustainable development activities from businesses owned by TUI Travel, for the financial year 2008/09, running from 1 October 2008 to 30 September 2009, except where otherwise stated.

We have indicated where data refers to joint ventures or Company suppliers. Since September 2009, TUI Travel has acquired new businesses for which key data has not yet been gathered. Data and progress for these businesses will be included in the 2009/10 Sustainable Development Report.

Materiality

We recognise that we must play our role in sustaining the communities and the environment that we depend on. Our contribution needs to be relevant to the impacts and expertise of our business.

In June 2006, the First Choice Holidays PLC Group Management Board worked with Forum for the Future to articulate the company's business case for sustainable development. We identified four main drivers for a sustainability programme, which we have adopted for TUI Travel:

- Aviation and climate change
- Protecting destinations from the impact of climate change
- Protecting destinations from the impact of tourism
- Shifting demographics and consumer trends

In 2007/08 we developed our sustainable development strategy in consultation with internal and external stakeholders, including Forum for the Future. Now nearly 2 years on, we are going through a process of revising our approach. We are working closely with external advisors to evaluate more closely the Groupwide risks and opportunities sustainable development presents to the company. This piece of work will help us align sustainable development with TUI Travel's key strategic imperatives and set long-term key performance indicators for sustainable development.

This report outlines our performance on key sustainable development issues that we consider to be material to our company. We aim to ensure that the content of our Sustainable Development Report is relevant to our stakeholders, both internal and external. In determining the contents of this update, we took

into account feedback on our strategy and previous reports from colleagues, investors and other stakeholders.

Data sources

For this report we gathered data for our performance indicators from two main sources: the 2009 Group Sustainable Development Evaluation and our 2010 submission to the Carbon Disclosure Project.

Group Sustainable Development Evaluation
The 2009 Group Sustainable Development Evaluation is used to assess and report on sustainability performance within tour operating businesses across the Group. The 2009 Evaluation follows on from the Sustainable Development Survey 2008. It consists of questions relating to Embedding, Carbon Management, Destinations, Our Colleagues and Our Customers.

In October and November 2009, the Evaluation was sent to the Managing Directors of TUI Travel tour operating businesses, and 87% responded. The reporting period relates to the 2008/2009 financial year (1 October 2008 – 30 September 2009). To ensure the responses reflected the size of the businesses that responded, we weighted them by colleague numbers.

In December 2009, we sent an amended version of the Group Sustainable Development Evaluation to TUI Travel's hotels and cruise ship operations.

We tailored the survey questions to the recipients, focusing on their carbon emissions and environmental management practices. The survey was sent to the environmental managers of Atlantica Hotels, Gran Resort, Nordotel and Paladien Hotels and the operations directors of Thomson Cruises, Island Cruises and Quark Expeditions, TUI Travel's most significant cruise businesses.

The next Group Sustainable Development Evaluation is planned to take place at the end of the 2009/10 financial year.

Carbon Disclosure Project
TUI Travel makes an annual submission to the Carbon Disclosure Project, a coalition representing 534 institutional investors and combined assets of \$64 trillion (£42 trillion) under management. As one of 2,500 participating companies, our response to a detailed questionnaire is scored and benchmarked with respect to our approach to managing climate change risk and opportunity, both in terms of the quality of our disclosure and performance. In 2009, for the second consecutive year we were included in the Carbon Disclosure Leadership Index, which highlights the top 10% of FTSE350 companies that have displayed the most professional and transparent approach to climate change disclosure.
www.cdproject.net

TUI Travel's Carbon Disclosure Project submissions for 2008, 2009 and 2010 can be found at www.tuitravelplc.com/sustainabledevelopment

Please note that 2006/07 carbon emission data is based on a pro forma financial year ending 30 September 2007 for TUI Travel PLC. Where the data was not available from First Choice Holidays PLC or the Tourism Division of TUI AG for that period (1 October 2006 to 30 September 2007), the nearest full 12 months of data was used.

References

Footnote

- (i) TUI UK & Ireland online customer research, November 2009
- (ii) TUI Travel Sustainable Development Evaluation 2009 (weighted by colleague numbers)
- (iii) United Nations World Tourism Organisation (UNWTO) Tourism Satellite Accounts (TSA)
- (iv) Scope 1 – Greenhouse gas emissions arising from sources owned or controlled by an organisation
- (v) Scope 2 – Greenhouse gas emissions which do not physically occur from within the organisation's reporting boundary and are therefore "indirect" emissions
- (vi) Scope 3 – Indirect greenhouse gas emissions other than those covered in Scope 2 – they are from sources that are not owned or controlled by an organisation, but which occur as a result of its activities
- (vii) Flagship Hotel Properties are those that are part of TUI Travel PLC's differentiated product offering. These hotels tend to accommodate exclusively TUI Travel's customers, thereby TUI Travel can provide more input to the day-to-day running of the hotel to maximise the sustainability performance
- (viii) 'Other' carbon dioxide emissions include those from aircraft operated by suppliers on our behalf, emissions classed as Scope 3 under the GHG Protocol (e.g. business travel by air and emissions associated with IT data centres used remotely)
- (ix) Group Responsible Leadership programme replaces the former Group Leadership programme
- (x) Sweden's greenest brands survey by Differ, 2009
- (xi) A Passport to Adventure – Industry Trend Report by TUI Travel's Activity Sector, including research by YouGov in 2009



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