

2010 CDP response for TUI Travel



0.1

Introduction

Please give a general description and introduction to your organization.

TUI Travel PLC [TTP] is a leading international leisure travel group [the Group] which operates in approximately 180 countries worldwide and serves more than 30 million customers in over 27 source markets. Headquartered in Crawley, near Gatwick airport in the UK, the Group employs approximately 50,000 people and operates a pan-European airline consisting of 146 aircraft. It operates over 200 brands: please see <http://www.tuitravelplc.com/tui/pages/brands> .

The company mainly serves the leisure travel customer and for this submission (which focuses on the 2008/09 financial year), the Group was organised and managed through four business Sectors: Mainstream, Specialist & Emerging Markets, Activity and Accommodation & Destinations. In the financial year ended 30 September 2009 TTP had revenues of £13.9bn and an underlying profit before tax of £366m. For more information visit www.tuitravelplc.com .

TTP is a 2010 CDP Founding Reporting Member.

0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

Enter Periods that will be disclosed

From: 2008-10-01

To: 2009-09-30

0.3

Are you participating in the Walmart Sustainability Assessment?

No

0.4

Modules

As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors, the corresponding sector modules will be marked as default options to your information request.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see www.cdproject.net/cdp-questionnaire.

0.5

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response.

Select country

- Austria
- Belgium
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Hungary
- Ireland
- Italy
- Luxembourg
- Netherlands
- Poland
- Slovenia
- Spain
- Sweden
- United Kingdom
- Norway
- Russia
- Switzerland
- Ukraine
- United States of America
- Canada
- Australia
- New Zealand
- China
- India
- Rest of world
- International Air Space
- International Waters

0.6

Please select if you wish to complete a shorter information request.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

1.1

Where is the highest level of responsibility for climate change within your company?

Board committee or other executive body

1.1a

Please specify who is responsible.

Individual Board Member

1.2

What is the mechanism by which the board committee or other executive body reviews the company’s progress and status regarding climate change?

TTP is controlled through its Board of Directors which regularly reviews Group strategy. The Board has delegated authority to the Committees of the Board on specific matters. The executive management is delegated to the Chief Executive, Executive Directors and certain other senior managers who, together, form the Group Management Board (GMB). Following the creation of TTP in September 2007, a new governance structure was established for sustainable development.

The highest level of responsibility is with a member of the PLC Board i.e. Johan Lundgren (MD, TUI Northern Region) who is responsible for reporting on sustainability (including carbon management/climate change issues) to the TTP Board. At GMB level, Dermot Blastland (MD, TUI UK & Ireland) is responsible for reporting on key sustainable development issues to the GMB which acts as the Group Sustainable Development Steering Committee – for example setting the strategic direction and long-term objectives for the Group through the GMB member’s management teams and in partnership with the Sector Sustainable Development Coordinators. Dermot Blastland receives monthly reports on progress across the Group from the Group Sustainable Development department including progress reports on each of TTP’s five 5 carbon management workstreams: airlines, water transport, major premises, ground transport and flagship hotel properties.

Since 2007/2008, a Group Sustainable Development department of four members has been responsible for driving TTP’s continual improvement of its sustainability performance. Group Sustainable Development works closely with other Group departments and its network of Sustainable Development Sector Coordinators, each of whom report on these issues directly to their Sector Managing Director. Mainstream regions have a Coordinator in each major geographical region. Sustainable Development Coordinators are responsible for identifying Group and sector-specific targets, collating performance data and developing and implementing sustainable development strategy. A network of Sustainable Development Champions is appointed by the Sector Coordinators in each individual business, to support them in the delivery of their Sector’s sustainable development strategy. There are now over 40 FTEs engaged on sustainability issues across the Group.

1.4

Do you provide incentives for the management of climate change issues, including the attainment of greenhouse gas (GHG) targets?

Yes

1.5

Please complete the table.

Who is entitled to benefit from those incentives?	The type of incentives
Director on board	Monetary reward
Business unit managers	Monetary reward
Energy managers	Monetary reward
Environment/sustainability managers	Monetary reward
Facility managers	Monetary reward
Public affairs managers	Monetary reward
Risk managers	Monetary reward

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Sustainable Development (SD) targets are effectively built into colleagues' roles e.g. the SD Co-ordinators. For middle managers (including SD Co-ordinators) a greater proportion of their bonus will be derived from achievement of their personal objectives (inc carbon management related targets) than the Company's achievement of financial goals. There were 40 FTEs identified as working on SD matters (incorporating carbon management) as part of the TTP SD Evaluation in 0809 FY. Many will have formal SD objectives built into their appraisal process – for example, Energy/Facility Managers within TUI UK have energy efficiency/carbon reduction targets included as part of their formal objectives, achievement of which is linked to their remuneration.

As part of the senior management remuneration package, part of this reward is linked to the successful achievement of business objectives, including those with an SD theme. The 2009/10 targets for the TUI UK Board of Directors include the following carbon related objectives:

- Retail/Premises Carbon & Waste Data & Reduction Targets
- Improving World Care Fund conversions [monies raised indirectly contribute to projects that transfer energy-efficiency technology to the developing world].
- Development of an environmental/carbon data dashboard
- Developing/enforcing TUI UK SD [incorporating carbon management] criteria in flagship hotel units
- Travelife audit in every Summer 2011 accommodation supplier contract
- Incorporating SD into 5 year plan (including biofuels research)
- Developing a SD internal/external brand and customer micro-site
- Deployment of an EMS for Thomson Airways including directorate action plans & ISO14001 certification
- Embedding SD into objective setting and training as appropriate

It is worth noting that the achievement of these objectives is, in reality, necessary for the teams that report to the Directors to get on-board with the initiatives so therefore, these are effectively not just restricted to senior managers.

Within TUI UK, all employees receive training on TTP's responsible leadership value and expected to exhibit those values in their day to day work.

Attachments

[https://www.cdproject.net/Sites/2010/84/19584/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Governance/Organogram.pdf](https://www.cdproject.net/Sites/2010/84/19584/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Governance/Organogram.pdf)

2.1

Describe your company's process for identifying significant risks and/or opportunities from climate change and assessing the degree to which they could affect your business, including the financial implications.

Effective risk management is key to the delivery of TTP's business objectives and strategic goals. TTP aims to link sustainability with key business priorities and strategic and operational risk management. Policy and mitigation for Group-wide sustainability risks are facilitated by the Group Risk Management [GRM] and Sustainable Development [SD] Departments, however responsibility for managing the risk clearly resides with the businesses themselves. TTP's risk management framework has been developed and implemented across and has been closely linked to the strategy planning process used to identify risks and opportunities set out below in the Managing for Value process. A web-based risk reporting system is used to collect, analyse and monitor risk status. Individual businesses are responsible for reviewing and updating their risk profiles on a quarterly basis to ensure the Group has clear visibility of its risks and responses to those risks.

In May 10, Group Audit Services [GAS] completed an audit of CO2 data processes and TTP's 2008 SD Report was independently assured by Bureau Veritas. GRM consolidates and aggregates all risks identified across the Group to create the Group Risk Profile. This is presented to the Audit Committee [reporting to the PLC Board] for half-yearly review and is closely monitored by GRM to ensure that progress in relation to the management of risk is sound and effective. The Audit Committee [AC] invites individual Senior Management teams from individual businesses to present and discuss their risk profile on a rotational basis. The AC regularly reviews Group-wide SD issues as part of its risk management profile so appropriate mitigation action can be taken to address issues such as Climate Change [CC], geopolitical/natural disasters and CO2 emissions. TTP works in partnership with Forum for the Future [a UK-based SD charity & think-tank] of which it is a Foundation Corporate Partner and in 2008, it commissioned Forum to develop a factbase of SD issues for all Group business managing directors to consider when developing business strategies.

TTP considers 4 types of risk that could affect delivery of businesses objectives and strategic goals:

- Longer-term strategic & emerging threats,
- Medium-term challenges associated to business change programmes,
- Shorter-term risks triggered by the changing external environment,
- Shorter-term risks in relation to internal operations

Identified risks are evaluated by considering their impact and likelihood and tools and techniques have been developed to understand the relative priority of risk at varying levels throughout the Group. Senior management teams and sector Boards across the Group are responsible for reviewing and agreeing a risk profile for their area of responsibility and considering effective resource allocation to manage risk. The most appropriate response method (terminate/reduce/accept/pass on) is identified to ensure the risk is managed within justifiable and tolerable levels. Existing controls, further actions, ownership and delivery dates to treat the risk are clearly documented and progress monitored. The risk management approach is periodically reviewed to ensure the most effective means for understanding, evaluating and managing risk are in place. TTP is continuously striving to improve its risk management capabilities and further enhance and embed the framework. The objective of the framework is to reduce TTP's risk exposure in line with the Group's risk appetite and to achieve excellence through managing risk effectively throughout the Group

External shareholders are informed of relevant risks including CC risks - e.g. in Apr 10 a public offering circular note for convertible bonds included information which identified changes in consumer behaviour and preferences; relevant regulations, restrictions and reforms; and risks associated with limitations on greenhouse gas emissions and related emission trading schemes.

Business opportunities are identified through TTP's annual strategic planning process and are referred to as the 'Managing for Value' process. This process involves identifying and selecting key strategic alternatives which will deliver the greatest value and which are credible, measurable and deliverable. It facilitates individual businesses to develop a factbase on their particular operations, identify issues and opportunities, conduct a 5-year financial evaluation plan and a review and approvals process. Any risks that could impact on the delivery of TTP's strategy are closely monitored and managed accordingly. A number of individual businesses and/or Group sectors have identified specific opportunities arising from CC e.g. CO2 reduction targets and responding to customer demand by continuously improving environmental performance and effective customer communication.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

3.1

Do current and/or anticipated regulatory requirements related to climate change present significant risks to your company?

Yes

Do you want to answer using:

The table below

3.2A

What are the current and/or anticipated significant regulatory risks related to climate change and their associated countries/regions and timescales?

Risk	Region/Country	Timescale in Years	Comment
International agreements	Other: Worldwide	Current	United Nations Framework Convention on Climate Change (UNFCCC): The Copenhagen Accord (December 2009) recognised that significant cuts in global emissions are necessary to limit global temperature rises to below 2 degrees Celsius. However, it failed to produce any binding global targets or any specifics on national emissions targets or mitigation plans for either 2020 or 2050. There is likely to be international pressure to do so at the 2010 Conference (COP16) in Mexico in November – December 2010. TTP will closely monitor the outcomes of COP16, since there is likely to be pressure for more robust and binding targets which could lead to increased taxation and costs.
International agreements	International Air Space	0 -- 5	The International Civil Aviation Organisation [ICAO] - a UN body: its Programme of Action for International Aviation and Climate Change, agreed in October 2009, states that Member States and 'relevant organizations' will work to achieve a global annual efficiency medium term improvement of 2% until 2020 and an aspirational long term 2% fuel efficiency goal from 2021 to 2050. This similarly presents risks in terms of pressures to ensure compliance with industry targets.

Air pollution limits	Other: European Union	Current	<p>The European Climate Change Programme sets targets of a 20% cut in GHG emissions by 2020 compared to 1990 levels; a 20% increase in renewables as a share of the energy mix (within which 10% of transport fuels must come from renewables, including biofuels); and 20% cut in energy consumption. If a robust and ambitious agreement is reached between all developed countries, the target will be increased to 30%. TTP has businesses and source markets in a number of European Union Member States and will therefore be affected by this legislation, including the risk of increased taxation and other fiscal measures.</p>
Carbon taxes	Ireland	0 -- 5	<p>The Finance Bill 2010 provides for the introduction of a Mineral Oil Tax Carbon Charge, a Natural Gas Carbon Tax and a Solid Fuel Carbon Tax. Taxes will be levied at €15 per tonne of CO2 which will result in price rises (excluding VAT) of €34.38 per 1,000 litres of aviation gasoline and €39.98 per 1,000 litres of heavy oil, which companies will need to factor into pricing models as appropriate.</p>
Carbon taxes	Switzerland	Current	<p>CO2 incentive tax on fuels: Switzerland imposes a levy of 36 Swiss Francs on fuels per tonne of CO2. Businesses undertaking to reduce CO2 emissions may receive a tax exemption. This presents a risk to companies failing to adequately address reduction of their CO2 emissions.</p>
Carbon taxes	United Kingdom	0 -- 5	<p>UK Aviation Duty: The new UK coalition government has announced that it intends to continue to “explore changes to the aviation tax system, including switching from a per passenger to a per plane duty, which could encourage fuller planes.” This presents a risk in that it is not certain whether the duty will be revenue neutral.</p>

Carbon taxes	Germany	Current	German aviation departure tax : The German government announced in June 2010 that it intends to introduce an aviation-based departure tax, to be repealed in 2012 when aviation is included in the EU ETS. Details are presently limited although German airline Lufthansa estimates that the new tax will add €8 to €16 on ticket prices from German airports - presenting a risk in terms of ensuring that prices remain competitive.
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Cap and trade schemes

Other: European Union

0 -- 5

The EU ETS: a Europe-wide cap & trade scheme launched in 2005. Of TTP's source markets, non EU states Norway & Switzerland also participate. From 2012 the scheme will include aviation: all (EU & non-EU) airlines within, arriving & departing the EU must participate.

In 2012, available airline emission allowances will be capped at 97% of the 2004-06 average emissions level, reducing to 95% from 2013. In 2012, 85% of these emissions allowances will be issued free following a harmonised efficiency benchmarking process (based e.g. on operators' revenue tonne kilometres). The remaining 15% must be purchased at auction from Member States. The auctioning level post-2013 is subject to negotiation under the EU Climate & Energy package. Allowances can be traded throughout the EU. Airlines will be able to purchase credits from other industries but permitted only to sell allowances only to other airlines. 3% of the allowances will be reserved for new entrants & fast growing airlines. Although TTP believes that the revenues from auctioning should be used, e.g. to reduce emissions further by e.g. investing in greener technologies & improving air traffic management, EU Finance Ministers have indicated it is likely that revenues will not be hypothecated within individual Member States.

In December 2009 the US Air Transport Association of America & three major US airlines brought an action for judicial review of the legality of the inclusion of non-EU airlines within the EU ETS on the basis that it constitutes an extraterritorial action & an improper tax or charge. A coalition of environmental organisations has intervened in the action. The case,

issued in the UK High Court, has now been moved to the ECJ & a hearing is unlikely to take place for a number of months. This may delay the application of the ETS to aviation & if successful, could have serious competition implications between EU & non-EU airlines operating in EU airspace.

The EU is debating whether to move to a 30% cut (rather than 20%) by 2020. If it does, this could lead to a number of changes to phase 3 of the EU ETS (2013-2020) e.g. an increase in the percentage of emissions that can be covered using CERs / other eligible project based credits. In these circumstances the price of carbon, & particularly project based credits, could rise significantly - presenting a risk for high emitting companies.

The American Clean Energy and Security Act: A cap and trade bill passed on 26 June 2009 by the US House of Representatives, is now being considered by the Senate. The Bill proposes to reduce US emissions by 3% less than 2005 levels by 2012, 17% by 2020, 42% by 2030 and 83% by 2050.

In contrast to the EU ETS which will specifically include aviation from 2012, under the US proposed system oil companies are the responsible bodies which would then pass on the costs to airlines in the form of fuel cost increases. The US Energy Information Administration (EIA) forecasted in August 2009 that the proposed system could increase jet fuel prices by 26 cents per gallon in 2020, rising to 47 cents per gallon in 2030. This may increase costs which it may not be possible to pass on to customers.

Cap and trade schemes

United States of America

0 -- 5

Cap and trade schemes

United Kingdom

Current

CRC Energy Efficiency Scheme: The UK's mandatory climate change and energy saving scheme started in April 2010 with a 2-year introductory phase; central to UK strategy for improving energy efficiency and reducing CO2 emissions, as set out in the Climate Change Act 2008. It is intended to be revenue neutral: some organisations will gain; others will lose out. It does not include aircraft emissions but aims to raise senior level awareness and encourage change in large organisations.

All electricity supplied via the national grid (mains electricity) will have the same emissions factor per kWh supplied (whether procured on a green tariff or not). Electricity generated from on-site renewable sources (e.g. wind power) will be zero-rated i.e. no emission permits need to be purchased – as long as renewables obligation certificates (ROCs) are not used/cashed in (these have a value if passed on).

The timetable is:

Year 1: 1.4.2010-31.3.2011: reporting-only year - no requirement to buy allowances for the 2010/11 UK fiscal year.

Year 2: 1.4. 2011-31.3.2012: obligated organisations to surrender allowances based on total CO2 emitted over previous financial year. One allowance covers one tonne of CO2 at £12/tonne. Annual payments will be broadly repaid the next October, with bonus / penalty based on emissions reductions.

In April 2013, the CRC will become a cap and trade scheme with emission permits sold through auction. Total CRC allowances sold will be “capped” at a maximum level, to fall yearly.

Organisations with insufficient allowances to cover their emissions will have to buy

additional ones from CRC organisations with surplus allowances or from intermediaries. If traded allowance prices shoot up, a “safety valve” mechanism will allow organisations to buy EU ETS allowances (EUAs) indirectly and use them as an alternative.

A league table published yearly from October 2011 will rank the c. 5,000 participating organisations by performance - presenting a reputational risk for low performing companies as well as the cost of purchasing permits. The plan for the league table originally comprised three weighted metrics: absolute metric, early action metric and growth metric with a fourth now added to reflect employee engagement – the detail of which is yet to be defined. In the 1st compliance year, performance is driven by the Early Action Metric.

EU Accounts Modernisation Directive : Article 46 (1) (b) (as amended) of the EU Accounts Modernisation Directive requires: “To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters ...” It is anticipated that this may develop to produce EU mandatory carbon reporting in 2011: companies must therefore ensure they have robust monitoring and reporting systems in place.

Emission reporting obligations

Other: European Union

0 -- 5

Emission reporting obligations	United Kingdom	0 -- 5	<p>The Climate Change Act 2008: It is likely carbon reporting will be mandatory by 2012: Under the Act, by 6 April 2012 the UK Government must introduce regulations requiring mandatory reporting of GHG emissions information pursuant to the Companies Act 2006 or to provide reasons to Parliament if it has not done so. Companies must therefore ensure they have robust monitoring and reporting systems in place.</p>
Emission reporting obligations	France	0 -- 5	<p>The Grenelle II laws presented to the French Parliament in May 2010 include a proposal to require all businesses with over 500 employees to calculate their annual CO2 emissions: companies must therefore ensure they have robust monitoring and reporting systems in place.</p>
Fuel/energy taxes and regulations	United Kingdom	Current	<p>The Climate Change Act 2008 came into force on 26 November 2008 and is the world's first legally binding framework to address climate change. The UK has to cut its emissions by at least 34% by 2020, and by at least 80% by 2050, below 1990 levels. This will create pressure on all companies operating out of the UK to make significant cuts to their emission levels.</p>

Voluntary agreements

Other: Worldwide

Current

Travel industry targets: A World Travel & Tourism Council report 2009 (TUI AG, TTP's parent company, is a signatory) sets a target of reducing CO2 emissions by no less than 50% from 2005 levels by 2035 and an interim target to reduce CO2 emissions by 30% by 2020, assuming international agreement on global emission reduction, or 25% by 2020 if there is no such agreement.

The United Nations World Tourism Organization reports that the Group on International Aviation and Climate Change has adopted the goal of annual improvements in fuel efficiency of 2% up to 2050 & developed a Programme of Action including emission reduction strategies.

The International Air Transport Association on behalf of the aviation industry has committed to improving fuel efficiency by an average of 1.5% annually to 2020, stabilising emissions from 2020 with carbon-neutral growth and a 50% net reduction in carbon emissions by 2050 compared to 2005.

Sustainable Aviation, a UK aviation industry initiative to which TTP's UK Airline Thomson Airways is a partner and signatory, has made a number of carbon commitments, including:

1. Play a full role in negotiations towards setting out a global policy framework to address the climate change impacts from aviation, either directly, or in an advisory capacity.
2. Engage with the international aviation community to address climate impacts of aviation through promoting operational best practice & technological progress.
3. Provide relevant data, support & expertise for the scientific community to

General environmental regulations, including planning	Canada	0 -- 5	<p>enhance understanding of the non-CO2 atmospheric effects of aviation, & support improvements in metrics for quantifying and reporting effects.</p> <ol style="list-style-type: none"> 4. Engage with policymakers to develop pragmatic, effective & environmentally sound mechanisms for mitigating all climate impacts of aviation, based on a consensus of scientific understanding. 5. Pursue continual improvements in technology & air traffic management towards ACARE 2020 emissions targets. 6. Develop a view on the potential for further improvements in technology & air traffic management, post-2020. 7. Regularly review & update the Sustainable Aviation Roadmap view of UK aviation's CO2 emissions to 2050
General environmental regulations, including planning	Germany	Current	<p>Industry-wide commitments & initiatives such as these create reputational, financial and market risks for companies which do not lead the way in reducing their CO2 impacts.</p> <p>The Climate Change Accountability Bill currently awaits third Parliamentary reading. It proposes emissions reductions of 25% below 1990 levels by 2020, and 80% below 1990 levels by 2050; with interim targets for 2015-2045. Canada aims to align the scheme with the USA cap and trade regime. Pressures to meet these ambitious targets will create costs risks for any companies which do not actively reduce their emission levels.</p> <p>The principal relevant legislation (relating to the environment and therefore directly or indirectly related to climate change) are the German Environmental Liability Act (based on the EU Directive 2004/35/EG), Environmental Damages Act, Renewable Energy Sources Act, Federal Emission Control Act and the Energy-saving regulations.</p>

Uncertainty surrounding new regulation

France

0 -- 5

Possible carbon tax and Grenelle II legislation: France had announced plans to introduce a carbon tax but these were withdrawn in early 2010. However, some form of taxation may be imposed in the future and TTP will continue to monitor the position. The Grenelle II legislation presented to the French Parliament in May 2010 includes proposed measures to ensure that new buildings energy consumption is less than 50 kWh/m² per year and to reduce the energy consumption of existing buildings by 38% by 2020 - creating a risk for any companies which do not adequately address reduction of emissions from their premises.

Uncertainty surrounding new regulation	International Waters	0 -- 5	<p>Shipping Emissions Trading Scheme: The International Maritime Organization is developing a regulatory regime for maritime emissions, but this has not yet been produced. The IMO commissioned a report in July 2009 which concluded that a global shipping ETS/levy on emissions would incentivise the shipping industry to address climate change. The IMO is also developing a package of measures e.g. Energy Efficiency Design Index for new ships, Energy Efficiency Operational Indicator for all ships and guidance on best practices for the entire shipping industry. If the IMO fails to act, TTP understands that international shipping emissions will be regulated by the European Commission from 2013. TTP will continue to monitor the position in relation to its cruise operations. From July 2010 onwards TTP's cruise operations within the EU will be affected by new IMO regulations on marine emissions of sulphur oxide in ports (being required to use low-sulphur fuel of less than 0.1%). The measures are intended to improve the local quality of air in ports. These measures drive pressure on cruising operations to address their operations and emission levels.</p>
Uncertainty surrounding new regulation	Other: European Union	0 -- 5	<p>EU Draft Plans to address NOx emissions via an en route charging mechanism: Pursuant to the Aviation EU ETS Directive, the EU Commission was to "put forward a proposal to mitigate NOx from aviation after a thorough impact assessment". The European Commission appointed a consortium to develop a draft policy: this included Landing and Take-Off NOx charges for aircraft, a cruise NOx charge and inclusion of NOx emissions in the EU ETS. The proposals have not been implemented to date.</p>

Uncertainty surrounding new regulation	Russia	0 -- 5	Russian Climate Doctrine: Approved in Dec 2009, this doctrine does not set specific targets but expresses an intention to establish legal and regulatory frameworks and government regulations, possibly including market mechanisms such as emissions trading, which could create additional taxation / cost risks to be factored into business planning.
Uncertainty surrounding new regulation	Norway	0 -- 5	Targets set: Norway has expressed a goal to be carbon neutral by 2030 – through offsetting GHG emissions by buying other nations' emission allowances. It states that by 2020 it will cut global GHG by 30% of 1990 levels, with some 2/3 of such reductions made at a national level – which may be reflected in fiscal measures imposed on Norwegian businesses, presenting a cost impact for Norwegian operations in this respect. Although Norway is not an EU member state, it is caught by certain EU environmental regulations and is a party to the EU ETS.
Other: Destination action	Other: Worldwide	0 -- 5	As well as TTP's source markets, a number of destination governments have expressed an intention to become "carbon free" or "carbon neutral", including Sri Lanka, Costa Rica and the Maldives which are destinations for TTP passengers from various source markets - driving the need for energy efficient operations in destinations.

3.3

Describe the ways in which the identified risks affect or could affect your business and your value chain.

An increase in travel costs and changes in consumer attitudes (such as becoming more aware of the environmental impacts of travel through new regimes being publicised) may alter tourism flows and patterns, which could impact on strategy. Through its individual businesses TTP operates out of a number of different source markets in which it will be required to monitor and comply with relevant regulatory measures including emissions trading and taxation schemes, and factor these into its business modelling. As the deadlines for meeting national, regional and international targets approach additional taxes could be levied by nation states in order to meet such targets.

Specific measures impacting TTP include the inclusion of aviation in the EU ETS from 2012 onwards, as well as the CRC Energy Efficiency Scheme in the UK. In order to comply with the latter, a number of individual roles and responsibilities have been established, e.g. including a director to represent and sign-off on behalf of the Group. Over the first year of the CRC scheme, the carbon emissions from all energy sources used by TTP's buildings in the UK must be measured and the total emissions reported from April 2010. From April 2011, TTP must have systems in place to manage emissions allowances, to include the purchase and recycling of payments via league tables. Each compliance year, TTP will be required to submit an Annual Report of energy usage (together with an Evidence Pack) and must purchase and manage carbon allowances.

In relation to the CRC Energy Efficiency Scheme, from October 2011 an annual league table will be published which presents a reputational risk (as well as an opportunity) since as a participant TTP's performance will be measured against that of other major corporations and publicly reported.

Stated carbon neutrality goals by particular destinations could have an impact on destination supplier costs. TTP maintains a watching brief on such activities through its Destinations Workstream, part of the Group's approach to sustainable development.

3.4 Are there financial implications associated with the identified risks?

Yes

3.5 Please describe them.

The identified risks will have some financial implications for TTP. Many items of legislation are at an early stage but present a potential risk of lost revenue and / or higher input costs.

The European Union Emissions Trading Scheme:

The third phase will incorporate airlines but the anticipated costs that this will create are not currently known on account of the unknown size of the "emissions cake", which will not be determined until mid-2010 nor the price of emission permits. TTP has been working with a leading external consultancy to ascertain the likely financial and operational implications for its flying programme resulting from inclusion of the TTP Airlines within the EU ETS (based on a range of prices for emission permits) the details of which are commercially confidential. However, the forecasted cost implications to TTP of the EU ETS are low in comparison to other exposures: for example the maximum likely costs of carbon hedging to cover any short position under the EU ETS equate to approximately 1% of fuel and foreign exchange exposure combined.

The UK CRC Energy Efficiency Scheme:

This will create a requirement to pay a "bond" to HM Government for emission permits totalling approximately £250,000 for TTP's UK businesses (electricity and gas usage) in the first year of the scheme. TTP has created a project team to deploy plans and work programmes to ensure that it takes the necessary due diligence and steps to have this sum returned in full – this will depend on TTP's "performance" in relation to emissions reductions and therefore whether financial bonuses or penalties are imposed. TTP has engaged a specialist energy consultancy (separate from the consultancy advising on EU ETS matters above) to assist TTP complete cost modelling (the details of which are commercially confidential) and necessary government disclosures to ensure TTP performs well on the forthcoming league table.

3.6

Describe any actions the company has taken or plans to take to manage or adapt to the risks that have been identified, including the cost of those actions.

TTP has taken a number of actions in this area, both in terms of mitigation and adaptation to the risks from this regulation. TTP monitors regulatory and legislative developments in its source markets and key destinations so that it can respond appropriately to the risks identified. Specific action taken to meet regulatory requirements is taken as part of doing business day to day – specific examples are as follows:

The European Union Emissions Trading Scheme

TTP's airlines (7 located across Europe & Morocco) are preparing the required monitoring, verification & reporting [MRV] documentation for the regulatory/competent body in each Member State. Thomson Airways (TUI's UK airline) initial preparation document for EU ETS was held up as an exemplar by the UK competent body, The Environment Agency. TTP's EU ETS project manager is currently working on a solution to incorporate MRV requirements for all 7 TUI Travel airlines.

The financial implications of compliance with the EU ETS are small compared with other Group liabilities. The TTP Group Treasury & Group Legal Departments are looking at the best ways to address these liabilities. TTP recognises the reputational and supply chain management issues involved, which are being actively addressed and managed in a number of ways (see explanation below).

As aircraft operators, TTP will have obligations to comply with the EU Emissions Trading Scheme starting from 2012. TTP is using the experience of carbon market mechanisms it has gained through the voluntary World Care Fund scheme to additionally invest in CER emissions reduction projects. These projects will not only provide compliance grade credits but will deliver additional benefits to the communities in which they are located.

The UK CRC Energy Efficiency Scheme

UK CRC: TUI UK's buildings account for the majority of the total footprint of TTP's property portfolio. TUI UK is therefore taking the lead on CRC preparation by working in partnership with a specialist energy consultancy to meet the requirements of the legislation (from April 10) to ensure TTP's UK sites are well prepared. A draft CRC Action Plan has been devised which covers preparation for the CRC and its first compliance year. TTP also recognises that behaviour change is often one of the most cost-effective actions that an organisation can take to reduce carbon – to this end, TUI UK is already making progress – for example by engaging employees in relation to saving energy and understanding energy-efficiency; for example devising and disseminating a sustainable development charter for TUI UK Retail Shops.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

In its responses to this and subsequent questions TTP has focused on its source markets.

Attachments

4.1

Do current and/or anticipated physical impacts of climate change present significant risks to your company?

Yes

Do you want to answer using:

The table below

4.2A

What are the current and/or anticipated significant physical risks, and their associated countries/regions and timescales?

Risk	Region/Country	Timescale in Years	Comment
Changes in precipitation patterns	Other: Mediterranean, Caribbean	6 -- 10	Reports by organisations such as the Institute of Environmental Management and Assessment, Sustainable Solutions Worldwide, Climate Change Corporation and the UNWTO suggest that changes in precipitation patterns may have associated implications in relation to water shortages - which may affect food supply chains in the future, as well as altered tourism seasons and the possibility of altered customer destination preferences.
Changes in frequency of extreme weather events	Other: Worldwide	0 -- 5	Changes in weather patterns and extreme weather events such as storms, high winds, hurricanes, flooding, wild fires could impact on customers' choice of tourism destinations.
Induced changes in natural resources	Other: Worldwide	6 -- 10	Climate change could negatively affect the quality of the natural environment or cause damage to / loss of biodiversity and ecosystems, as well as the possibility of disease and pests.
Induced changes in human and cultural resources	Other: Worldwide	6 -- 10	Climate change and associated weather events could, in the absence of careful management, damage cultural heritage assets and cause damage to infrastructure or interrupt utility and power supplies.
Induced changes in supply chain and/or customers	Other: Worldwide	6 -- 10	Extreme weather events could cause problems with supply, making it more difficult to use local suppliers and source produce locally. Customers' choice of destinations may also be affected, for example, through increased environmental awareness.

Uncertainty of physical risks	Other: Worldwide	Uncertain	By their nature, climate change induced effects and extreme weather events are difficult to predict. This has an impact on advance destination and route planning and incident management.
Other: Changes in overall weather patterns	Other: Worldwide	6 -- 10	Long-term global temperature rises could affect tourism seasons and sea level rises could impact on coastal destinations.
Other: Induced social impacts	Other: Worldwide	Uncertain	The effects of climate change might produce social changes in destinations such as migration or conflict over limited resources.

4.3

Describe the ways in which the identified risks affect or could affect your business and your value chain.

Changes in precipitation patterns & Changes in overall weather patterns:

Individual destinations such as small islands or coastal areas will be affected by climate change in different ways. The Climate Change Vulnerability Index [Source: www.maplecroft.com] suggests that a number of destinations in TTP's portfolio (e.g. in the Caribbean, North Africa and South East Asia) may be at risk. A 2006 study commissioned by Churchill Insurance concluded that destinations which may be at risk include areas of Spain, Greece, Italy, India, Australia and the Maldives. Climate change impacts locally in destinations may lead to more rigorous planning restrictions and taxation. Long-term global temperature rises could affect tourism seasons e.g. reducing ski seasons or a change in choice of summer destinations.

Changes in frequency of extreme weather events & Uncertainty of physical risks:

Climate change induced effects and extreme weather events are very difficult to predict. This impacts on advance business, destination and route planning / scheduling, and incident management in the rare case of a need to evacuate, repatriate or accommodate customers elsewhere. Any temporary closures of destinations could have a financial and logistical impact on the business. Ultimately, although these risks are identified at Group level, they are owned and managed by individual businesses which are able to tailor adaptation and mitigation measures to their particular business models.

Induced changes in human and cultural resources:

Any impacts on local food production could cause supply unpredictability which if not carefully managed could cause operational difficulties in destinations or make it more difficult to use local suppliers and source produce locally which could increase CO2 emissions. Adverse weather events could have an effect on the destination workforce in the event of illness, damage to property etc.

Water scarcity & Energy Security:

Possible impacts as a result of any increases in costs of energy and water in destinations are difficult to quantify but could include, for example, desalination costs, rising taxation, air-conditioning and snow-making costs (using fossil fuels or lower carbon biofuels), water supplies and food costs (as a result of energy and water inputs needed).

Induced changes in supply chain and/or customers:

Destination quality, attractiveness and weather and comfort levels are key determinants of customer decision-making and the quality of holiday experiences. Any negative impacts of climate change which could disruption to customers' holidays need to be planned for so that they are dealt with as smoothly as possible without impacting upon customer satisfaction.

Induced changes in natural resources:

Tourism is often based on the quality of the natural environment, biodiversity and ecosystems and cultural assets, which climate change might threaten. This could have implications for customer demand and perceptions of particular destinations, which need to be addressed through informative customer communications and engagement.

Induced social impacts:

The effects of climate change could result in social impacts in destinations, for example where scarce resources (such as water) are limited to meet tourism demands. Tourism is a "thirsty" industry, using water for golf courses, swimming pools, water parks, spas, gardens, washing of linen, treated drinking/bottled water and showers/baths and any conflict over resource use, if not carefully managed and if benefits are not spread locally, could impact upon local licence to operate.

4.4

Are there financial implications associated with the identified risks?

Yes

4.5

Please describe them.

TTP is working with a leading consultancy to highlight the likelihood of financial impacts of climate change on its operations. However, a number of the potential risks from climate change are notoriously difficult to quantify financially. The majority of such costs will initially fall to TTP's suppliers and in destinations, and be fed back into TTP's cost base. TTP is therefore working with suppliers on carbon management issues in a number of ways, as set out below.

Water scarcity & Energy Security

Possible impacts as a result of any increases in costs of energy and water in destinations are difficult to quantify but could include, for example, desalination costs, rising taxation, air-conditioning and snow-making costs (using fossil fuels or lower carbon biofuels), water supplies and food costs (as a result of energy and water inputs needed).

Changes in frequency of extreme weather events

Damage to infrastructure caused by extreme weather events might result in costs directly incurred by TTP/passed on by suppliers, for example if evacuation or repatriation proved necessary.

Induced changes in supply chain and/or customers

Climate change and extreme weather events could lead to higher operating costs such as contingency costs, business interruption and increased insurance premiums, as well as the need for systems for the supply of water and energy in the event of unavailability e.g. in the event, of resort/destination rebuilding following an extreme weather event. Customer demand for specific destination choices may also diversify according to changes in the climate and weather patterns in destinations.

4.6

Describe any actions the company has taken or plans to take to manage or adapt to the risks that have been identified, including the cost of those actions.

A CO2 management strategy has been developed to reduce emissions in key areas:

Airlines: TTP has made significant investments in new technology in its aviation activities. E.g.:

- TTP Airlines fuel-saving programme saved over 34,000T of CO2 in 08/09 through fuel efficiency measures in engineering, flight planning & management, maintenance & ground ops – fuel savings equate to > US\$6M [NB - financial cost calculated using average market price for jet-fuel during TTP's 0809 FY, not price TTP hedged at].
- Two Working Group [WG] set up in 2010: TUI Airlines Biofuels WG, a multi-disciplinary group to identify & analyse opportunities to engage with the aviation biofuels industry, deliver an informed recommendation on TUI Airlines' approach to optimise commercial & environmental response to aviation biofuels & work towards a joint biofuels strategy based on costs/benefit analyses & assessing risks & opportunities. TUI Airlines Environmental WG has been established to share good practice on e.g. waste management, recycling, environmental awareness for ground engineers & cabin crew, & set joint objectives for 2010/11 to improve overall environmental performance of TTP Airlines
- Thomson Airways intends to set pilots a target of 97% for on track departures and continuous descent approaches. It also intends to remove 6.5 tonnes excess weight off its aircraft by end 2010.

Water transport

Thomson Cruises target to reduce CO2 emissions by 5% Egyptian programme in 09/10 vs 07/08.

Major Premises

Weighted by employee numbers, 92% of TTP businesses have targets to reduce their operations' environmental impact (offices, shops & other workplaces) including energy [CO2] cuts. TUI UK's energy consumption decreased by 2.65% FY0809 versus FY0708 & it has targeted a 7% cut in energy use in the next financial year. A PC Power Off initiative in all TUI UK shops & office premises is estimated to save 2,000 T of CO2 p.a. – an energy saving of > 4,750MWh. TUI UK has offset CO2 emissions from educational & conference trips from May 10. Other similar initiatives:

- TUI Deutschland's HQ (>1,000 employees) EMS - continually externally ISO14001 certified since 2003
- 23% of TTP's businesses (by revenue-27% by headcount) have an EMS: e.g. TUI Belgium & TUI Nederland HQ have a management system to monitor energy, water & waste.
- Energy reduction in TUI Nordic's Norway premises in 09 gave a rebate of approx €12.5k.
- TTP's S& EM Sector UK HQ installed Dyson hand-driers, 3.7 x more CO2 efficient than paper towels: saving 3T CO2/year.

Ground transport: Best practice guidelines are being drawn up for use by all Group businesses to cut CO2 emissions.

Hotels

TTP is working with accommodation suppliers to substantially reduce their environmental impacts:

Active encouragement of all suppliers to use the Travelife [TL] Sustainability System <http://www.its4travel.com/>, undertaking in-depth audits of hotels' environmental management & following up on performance improvements to cut CO2 emissions. In 08/09 TUI UK focused on its top 400 hotels by customer numbers, which cater for >50% customers. By the end of summer 2011, it aims to have 50% of its customers staying in TL awarded hotels. An addendum to contracts with TUI UK requires hotel suppliers to subscribe to TL & participate in a TL audit. All TTP mainstream sectors are now rolling out the TL system

Flagship Hotels (those owned or part owned by TTP or where it has a long-term commercial agreement)

- Holiday Village [HV] Cyprus has undertaken many initiatives in energy & water management, e.g. energy efficient lamps in > 95% of light fixtures in public, guest & back of house areas; switching off unused lights at night; low lighting power density in guestrooms (as low as 3 W/m2 v typical ranges of 6 - 15 W/m2); key cards & automatic switch off of AC when room windows & patio doors are opened; solar water heaters in kitchens; drip irrigation systems in some garden areas. The HV Cyprus demonstrates industry leading performance of 9kg of CO2/guest night [0809 FY data] – typical industry benchmarks are 18 kg of CO2/guest night
- 14 of TTP's flagship hotels are ISO14001 certified

Adaptation

TTP's CO2 management strategy has started to focus on adaptation measures in destinations, e.g. where new products are being developed/introduced. E.g:

Risks & Opportunities - Physical Risks

- New build best sustainability guidelines for siting, design & construction are incorporated into specifications & mandated in contracts for new hotel properties to 'future proof' them for water usage & CO2 emissions
- TUI Nordic built a Blue Village [BV] in Rhodes (opened Apr 09). It aims to be climate neutral & environmentally sustainable through e.g. no use of fossil fuels onsite, reducing electricity & water consumption to a minimum, & buying carbon-free electricity from renewable energy sources when available
- TUI Nordic - focusing on environmental certification of all its Europe & Turkey BV properties.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

5.1

Does climate change present other significant risks - current and/or anticipated - for your company?

Yes

Do you want to answer using:

The table below

5.2A

What are the current and/or anticipated other significant risks, and their associated countries/regions and timescales?

Risk	Region/Country	Timescale in Years	Comment
Changes in the availability and costs of goods and services	Other: Various e.g. Mediterranean, Caribbean	0 -- 5	Fuel and energy price rises may be unpredictable as the threat of climate change increases, which could increase the price of goods and services e.g. within destinations.
Reputational risks	Other: Worldwide	0 -- 5	The effectiveness of climate change management by any organisation has an impact on its corporate reputation both externally and internally: stakeholders including customers, investors, colleagues, competitors, trade associations and bodies such as NGOs
Financial risks	Other: Worldwide	0 -- 5	TTP is conscious of the importance of not missing out on the costs savings available from adopting carbon efficiency measures and innovation, and the potential for working with suppliers to avoid any financial impacts of climate change on their and its businesses.
Market risks	Other: Source markets / operating countries	0 -- 5	Companies whose commitment to sustainable development does not match up to internal or external expectations as outlined above, may suffer losses in terms of customer business and/or investment.
Unpredictability of risks	Other: Worldwide	0 -- 5	Climate change can have an impact on the political and societal / community security in particular locations, which it is difficult to predict.
Other: Embedding SD into business practice	Other: In operating countries	0 -- 5	Possibility of poor environmental management by suppliers

5.3

Describe the ways in which the identified risks affect or could affect your business and your value chain.

Changes in the availability and costs of goods and services:

Unpredictable fuel and energy prices, and related costs (e.g. obtaining imported goods in destinations if local supply is affected) could have a knock-on impact on TTP's business planning.

Reputational risks:

Externally, there is increasing pressure by stakeholders including customers, investors, the media and interested bodies such as NGOs to provide transparent evidence of genuinely sustainable carbon management which has particular relevance to brand value. Poor environmental practices and/or management by suppliers could also pose reputational and financial risks if these were not carefully managed by TTP's engagement with suppliers.

Financial and market risks:

TTP will also need to address the financial and market risks associated with climate change. Tourism is a competitive industry and TTP needs to ensure that its sustainable business practice continue to mark it out as high-performing companies in relation to other major corporations. Again, reputation is paramount: it is important to demonstrate leadership so that TTP is the tour operator of choice for customers when choosing their holiday.

5.4

Are there financial implications associated with the identified risks?

Yes

5.5

Please describe them.

Changes in the availability and costs of goods and services

Unpredictable fuel and energy prices, and related costs (e.g. obtaining imported goods in destinations if local supply is affected) could have a knock-on impact on TTP's business planning e.g. higher input costs might be incurred.

Reputational risks

Externally, there is increasing pressure by stakeholders including customers, investors, the media and interested bodies such as NGOs to provide transparent evidence of genuinely sustainable carbon management which has particular relevance to brand value – some of these financial risks relate to intangible financial value. Maintaining inclusion within “green” indices such as FTSE4Good is important to ensure future investment by SRI funds.

5.6

Describe any actions the company has taken or plans to take to manage or adapt to the other risks that have been identified, including the costs of those actions.

Unpredictability of risks

As set out at in Q2 above, TTP has a rigorous risk management [RM] system. A dedicated team ensures that the Group's framework for RM (which has been designed and tested in line with best practice and in accordance with the Turnbull Guidance for directors on the combined code on corporate governance) is consistently embedded across the organisation. The principal objectives of the RM framework are to:

- reduce all businesses' exposure to risk as far as possible;
- conduct risk analysis and identify opportunities from which maximum benefit can be gained;
- manage risk effectively across the business to achieve excellence.

The mitigation of certain common risks (e.g. Customer and Employee Health and Safety, Business Continuity, CSR including SD and Incident Management response) are addressed on a Group basis supported by central experts such as the SD team, although individual businesses have ultimate responsibility for RM.

Changes in the availability and costs of goods and services

TTP is increasing its emphasis on sustainable sourcing. In FY09/10 TTP intends to develop a supplier website to inform its suppliers about its sustainability guidelines, and to embed SD principles into Group procurement policy and guidelines (for example in relation to IT, staff uniforms, and paper/printing). In order to mitigate the risks posed by the potential for poor environmental or sustainability management by its supply chain, TTP engages closely with suppliers. Environmental Diagnostic Audits have been carried out with a number of supplier hotels and addenda added to contracts with accommodation suppliers (requiring subscription to the Travelife system) as well as airline suppliers and into IT procurement processes. Travelife <http://www.its4travel.com> urges hotel suppliers to source goods and services locally. TUI Central Europe has adopted Travelife as the audit system to rate its 'Environmental Champion' supplier programme, and TUI AG [TTP's Parent Co.] has invited its hotel chains to complete Travelife in order to attain an 'EcoResort' label. TTP also engages with local suppliers in particular destinations – e.g. a SD conference with hoteliers in Turkey in May 2010.

Reputational, financial and market risks

TTP engages with its various stakeholders in a number of ways in order to inform them of, and more importantly engage them in, its SD activities. In this way the risks faced by the industry in general arising out of climate change can be mitigated in relation to TTP. For example:

- Customers: 85% of TTP's businesses communicate with their customers regarding sustainability issues, through various channels and at various stages of the customer journey. TTP's research with Thomson customers in November 2009 indicated that 74% of its customers care about their holiday's carbon footprint and 92% expect their holiday company to be working to tackle climate change and support destination communities. Although it is not yet clear whether this is translated into behaviour change, TTP is very conscious of customer demand and is focusing on more effective ways to communicate with customers on sustainability issues, raise awareness and encourage responsible holiday choices. This includes the development of a customer-facing micro-site to support Holidays Forever, a sustainable tourism brand developed in partnership between Thomson & First Choice. The site (www.holidaysforever.co.uk) will support the customer communication element of TTP's SD strategy, act as a tool to raise awareness of sustainable tourism issues, showcase TTP's sustainable products and activities to customers and provide them with information on how to have a more sustainable holiday; before and during their stay. By communicating information such as its carbon reduction targets to its customers, it aims to position itself as the tour operator of choice.
- Colleague engagement: Internally, colleague motivation and loyalty are likely to be stronger and retention rates higher if TTP effectively communicates its commitment to SD and if colleagues are actively engaged in that process as well as delivering on those commitments. For example, between Aug 08 and Nov 09, the number of TTP's colleagues who believe TUI UK acts responsibly on environmental issues rose from 51% to 77%. Colleague focus groups were conducted by TUI UK in May 10 to further enhance its reputation as an industry leader in sustainable tourism by increasing colleague engagement in sustainability, and inspiring colleagues to take action, in their role, for the future success of the company.
- Investors: TTP's embedded sustainable business practices and planning have assisted current competitive advantage in the market. TTP communicates effectively with its investors regarding SD issues and uses opportunities to publicise its SD practices and thereby attract further appropriate investment. For example, TTP is listed on the FTSE4Good Index.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

6.1

Do current and/or anticipated regulatory requirements related to climate change present significant opportunities for your company?

Yes

Do you want to answer using:

The table below

6.2A

What are the current and/or anticipated significant regulatory opportunities and their associated countries/regions and timescales?

Opportunities	Region/Country	Timescale in Years	Comment
Cap and trade schemes	Other: European Union	0 -- 5	Inclusion of aviation in the EU ETS from 2012 presents opportunities for travel companies such as TTP with an efficient fleet and sustainable practices to benefit and to gain competitive advantage and a leadership position in the industry.
Cap and trade schemes	United Kingdom	0 -- 5	The CRC Energy Efficiency Scheme will provide an internal driver to focus on the requirements of the Scheme and to take action to reduce CO2 emissions. TTP is taking proactive steps to both cut its emissions as much as possible as well as initiating programmes of work to take advantage of the "Early Action Metrics" to maximise its position on the CRC League Table, once published, to therefore sustain its reputation as a responsible business and maximise the recycling payment.
Emission reporting obligations	Other: UK and beyond	0 -- 5	The likely introduction of mandatory carbon reporting will provide a further incentive to organisations to efficiently capture, monitor and report data on their carbon emissions, as well as to set year on year targets for emissions reductions.

Fuel/energy taxes and regulations	Other: UK, Switzerland	0 -- 5	The new UK coalition government has announced that it intends to continue to “explore changes to the aviation tax system, including switching from a per passenger to a per plane duty, which could encourage fuller planes.” This would offer those airlines with efficient load factors and fuel efficiency an opportunity to benefit. Thomson Airways, the Group’s UK Airline, should be in a position to benefit from this review of taxation on account of having a recent load factor of 90% [FY 0809] and emissions per pax figure of 75.5g of CO2 per passenger km flown. Taxation incentives such as those offered in Switzerland will offer similar advantages.
Product efficiency regulations and standards	Other: Source markets	0 -- 5	The requirement to comply with national and international legislation also drives an opportunity to explore new low carbon technologies which will enable emissions reduction and increased efficiency.
Voluntary agreements	Other: Source markets and destinations	0 -- 5	Travel industry commitments also drive competition within the industry for organisations to become more efficient in comparison to their peers; the collective power of the industry will also provide an incentive for all players to contribute to meeting industry aspirations and targets set.
Indirect exposure through suppliers and clients	Other: Source markets and destinations	0 -- 5	Certain suppliers will also be required to comply with regulatory requirements relating to energy and climate change, which will increase pressure within the supply chain.
Other: Opportunity to gain competitive advantage by going beyond bare compliance	Other: Source markets	Current	Opportunity to gain competitive advantage by going beyond bare compliance

6.3

Describe the ways in which the identified opportunities affect or could affect your business and your value chain.

As well as the risks identified above, regulatory reform also offers a number of opportunities to TTP. The Group has a flexible business model, which increases its adaptive capacity, and is conscious that it operates in a competitive market in which it continually needs to seek and gain competitive advantage. TTP is therefore well placed to respond to the various opportunities presented by regulatory developments.

Fuel/energy taxes and regulations:

TTP strongly urges the new UK Government to abolish Aviation Passenger Duty and to introduce a 'per plane' tax. This would reward Thomson Airways, TTP's UK airline's by virtue of its excellent load factors in the 08/09 financial year of 90% and its fuel-efficiency per revenue passenger kilometre [RPK] which was 75.5g CO₂/RPK, demonstrating excellent performance in relation to UK low cost carriers and international scheduled airlines.

The steps TTP is taking to reduce emissions may be rewarded by measures in place in various source markets such as potential tax exemptions available in Switzerland. UNWTO recommendations to policymakers include reinvestment of revenues generated from green taxation schemes into sustainable aviation. Legislation such as the UK CRC Energy Efficiency Scheme will further drive increased efficiency since payment of bonus or penalty payments will depend on organisations' respective rankings in the league tables (to be determined by energy reduction achievements). Initially, the maximum net financial incentive or penalty would be +/-10%, but the bonus/penalty limit will be successively scaled up to reach +/- 50% in 2015.

Cap and trade schemes:

The EU ETS - TTP also supports the inclusion of aviation (scheduled to start from 2012 onwards) as potentially the most cost-effective instrument for reduction in aircraft emissions. However, TTP believes that a global emissions trading system for aviation should also be established to avoid a distortion of competition which in turn could potentially reduce the effectiveness of the EU's ETS.

The CRC Energy Efficiency Scheme - from October 2011 an annual league table will be published which presents a reputational opportunity (as well as a risk) since as a participant TTP's performance will be measured against that of its peers as well as other major corporations, and publicly reported. This presents an opportunity to highlight TTP's achievements in this area, in particular to its investors. TTP has also engaged a specialist energy consultancy to advise and assist in relation to the CRC Energy Efficiency Scheme. They have advised, for example, that the installation of Automatic Meter Reading [AMR] equipment may save more than £50,000 over Phase 1 of the scheme by greater cost control and therefore this will generate carbon savings too and require fewer permits to be purchased.

Emission reporting obligations:

With the likely introduction of mandatory carbon reporting in the near future, TTP should be well placed to adapt to such regulations having completed the CDP for the third consecutive year as well as publishing regular SD reports. Monitoring and reporting on a yearly basis also offers an opportunity to maximise the information provided to investors and to contribute to management decision making.

Voluntary agreements:

TTP is a leading leisure travel organisation and one that works very closely with industry associations and its peers and is therefore well positioned to seek out potential opportunities that arise.

Other:

As set out in its Sustainable Development policy, TTP aims to "comply with all relevant legislation, act in advance of it where possible and keep pace with best practice". This approach enables it to gain competitive advantage by moving beyond bare legislative compliance, placing it in a strong position.

6.4 Are there financial implications associated with the identified opportunities?

Yes

6.5

Please describe them.

Fuel/energy taxes and regulations

TTP has conducted some initial work with regard to carbon / green taxes levied in its key destinations and has begun the process of evaluating the financial impact on its business.

Cap and trade schemes

TTP has engaged a specialist energy consultancy to advise and assist in relation to the CRC Energy Efficiency Scheme. They have advised, for example, that the installation of AMR equipment may save > £50,000 during Phase 1 of the scheme by greater cost control and therefore this will generate carbon savings too. Overall steps taken to improve the energy efficiency of TTP offer a number of financial benefits: direct energy cost savings; savings by avoiding having to purchase CRC allowances (£12/tonne in Phase 1); and a potential increase in recycled revenue by improving the Group's ranking in the CRC league table.

6.6

Describe any actions the company has taken or plans to take to exploit the opportunities that have been identified, including the investment needed to take those actions.

Fuel/energy taxes & regulations

The impetus created by regulatory & legislative changes will increase opportunities available to adopt new technologies such as alternative fuel sources, for example:

- In the aviation sector: [second generation] biofuels present a huge long term CO2 abatement opportunity & carbon pricing adds to other incentives to proceed with their development & deployment. Boeing expect biofuels to be in use on commercial flights within 3 years. Some commentators have suggested drop-in biofuel could be over 10% by 2016 & 50% by 2020. The US is expected to pass a law allowing up to 50% aviation biofuels in 2011 & the EU has guidance in place on criteria for use of biofuels once they are certified;
- In the accommodation sector: efficient energy, water & waste management systems e.g. motion detectors / sensors; efficient lighting & equipment; solar heating / cooling & energy; biomass / biofuels; accelerated refurbishment programmes; standards for new buildings; water leak detection; recycling & reuse of water; installation of more efficient equipment; etc;
- Best practice ground transport guidelines are being prepared on options e.g. revised route planning, fuel management & load factors, maintenance, driver training, using lighter / hybrid vehicles, avoiding idling & unnecessary use of air conditioning & effective supply chain management.
- TUI Airlines Biofuels Working Group: a multi-disciplinary group working together to identify & analyse opportunities for TUI Airlines to engage with the aviation biofuels industry, to deliver an informed recommendation on an approach to optimise their commercial & environmental response to aviation biofuels & from analysis, to work towards a joint biofuels strategy based on costs/benefit analyses & assessing risks & opportunities involved.
- The opportunity to introduce AMR's in UK & Ireland retail estate which should be completed by Sept 10, & has helped to set a 7% reduction target
- A 'carbon dashboard' is being developed to monitor, report & forecast emissions produced by TTP, including Airlines, Cruise, Transport & Property (e.g. Energy, Water & Waste.)

Voluntary agreements

Travel industry commitments also drive competition within the industry for organisations to become more efficient in comparison to their peers. In many source markets, TTP is a party to industry initiatives which include carbon reduction objectives; e.g. in UK TTP actively partners with organisations enabling it to influence change more effectively:

- ABTA: the largest UK tourism trade association. Tim Williamson, TUI UK & Ireland Customer Director, is Chair of ABTA's Sustainable Tourism Committee. TTP engages with ABTA to influence policy makers in the UK, EU & in destinations. TTP has worked with the Federation of Tour Operators to develop the Travelife system & an associated preferred code of practice on environmental & social issues. TUI UK & Ireland have recently signed the ABTA Sustainable Tourism Tour Operator Commitment: copy below;
- The Travel Foundation: a charity that exists to educate customers, develop business tools for change & establish projects on the ground in destinations. Dermot Blastland, GMB Director with responsibility for sustainable development, is a Travel Foundation trustee & Jane Ashton, Head of Sustainable Development, sits on the Activities Committee. TUI UK & Ireland supports the organisation financially, by facilitating customer donations at the time of booking, & is actively involved in planning & implementing projects.
- Tour Operators' Initiative - a voluntary, non-profit association within which tour operators including TTP are moving towards sustainable tourism with the support of the UNWTO, UNEP & UNESCO. First Choice has been an active member of the TOI since 2001 & supports its projects.
- Forum for the Future (www.forumforthefuture.org.uk): a SD charity which works in partnership with one corporate partner in each industry sector which it believes will drive forward the sustainability agenda. Since 2003, First Choice, & now TTP, has been working with the Forum as its selected partner in the leisure & travel industry, to develop sustainable development strategy. TTP is a core partner in the Tourism 2023 initiative, working to create a robust, inspiring & realistic vision & strategy for the UK outbound leisure industry.
- TTP is working with Overseas Development Institute on an innovative research project to examine the impact of the all-inclusive model in destinations & ways in which these can be improved.
- TUI Netherlands is a member of IDUT, the Dutch national network for sustainable development of outbound tourism & chairs the sustainable development committee of the Dutch Association of Travel Agents & Tour Operators (ANVR). TUI Central Europe works in partnership with Deutscher ReiseVerband (DRV), the German travel industry association, on Futouris, a new platform for sustainable tourism (see below).

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

[https://www.cdproject.net/Sites/2010/84/19584/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryOpportunities/ABTA Tour Operator Statement of Commitment.pdf](https://www.cdproject.net/Sites/2010/84/19584/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryOpportunities/ABTA_Tour%20Operator%20Statement%20of%20Commitment.pdf)

7.1

Do current and/or anticipated physical impacts of climate change present significant opportunities for your company?

Yes

Do you want to answer using:

The table below

7.2A

What are the current and/or anticipated significant physical opportunities and their associated countries/regions and timescales?

Opportunities	Region/Country	Timescale in Years	Comment
Changes in precipitation patterns	Other: In operating countries	0 -- 5	The tourist season in certain destinations may be extended by climate change, or new destinations may become comparatively more attractive through changes in their weather patterns.
Changes in frequency of extreme weather events	Other: In operating countries	0 -- 5	Customer anxiety about the effects of extreme climate change-related events may mean that they are more likely to book a package holiday in future than to travel independently. Company reputation in relation to handling of such incidents and the quality of customer care offered will be key.
Induced changes in natural resources and amenities	Other: In operating countries	0 -- 5	Climate change and its effects on destinations will drive the need for concrete actions i.e. contributing to projects which enhance and protect those destinations, and contribute to their long term sustainability as the assets on which the tourism industry is built.
Induced changes in supply chain and/or customers	Other: In operating countries	0 -- 5	Customers are becoming increasingly aware of environmental issues and keen to travel with companies whose ethos and sustainable practices match their expectations. The threat of climate change also offers an opportunity to address the business case for sustainability with suppliers and to require best practice to be adopted by suppliers.
Induced changes in human and cultural resources	Other: In operating countries	0 -- 5	Managing the impacts of climate change also offers opportunities to engage with colleagues through awareness raising and training in carbon management issues.

7.3

Describe the ways in which the identified opportunities affect or could affect your business and your value chain.

TTP is conscious that the impacts of climate change present it with a number of opportunities.

Changes in precipitation patterns:

Climate change may create an extended tourism season in certain destinations, meaning demand for the present 'shoulder season' may increase. New destinations may also emerge either through changes in their climate making them more attractive to tourists, particularly in relation to other previously comparable destinations whose climate has become unsuitable for tourism. The climate of destinations closer to TTP's source markets may make these more attractive to customers than long-haul destinations, thereby indirectly reducing carbon emissions [although this would of course have a negative impact on those destinations whose weather patterns have become unattractive to tourists as a result of climate change].

Changes in frequency of extreme weather events:

Customers increasingly seek to book with travel companies with a proven record in incident management and which are therefore also able to handle events caused by climate change should the need arise. TTP won praise for its smooth handling of the recent Icelandic volcanic eruption which caused widespread disruption repatriating and supporting 176,000 customers stranded overseas. Customers who are anxious about the possible impacts of climate change on their holiday experience are likely to book with a company such as TTP if they are confident in the Group's incident management procedures and the quality of customer care offered.

Induced changes in natural resources and amenities:

Climate change will drive the need to invest in new energy efficient technologies for buildings including hotels and Group business premises, and further demonstrate the business case for adopting green technologies for new build properties. For example, TUI Nordic has a joint venture with Atlantica Hotels for the new-build project Atlantica Aegean Blue Village in Rhodes. The hotel opened in April 2009 and aims to be climate neutral and environmentally sustainable through a number of measures, including zero use of fossil fuels onsite, reducing electricity and water consumption per guest night to a minimum, and buying carbon-free electricity from renewable energy sources as soon as this is available in Rhodes.

Induced changes in supply chain and/or customers:

Customer awareness is key: climate change drives the need for increasing education & behaviour change in relation to water and energy use. For example, customers are increasingly seeking experiential holidays: research conducted in early 2010 by a number of businesses within TTP's Activity sector found the recessionary environment has created demand for more memorable experiences from holidays. 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 according to YouGov research, October 2009. Online research was conducted with First Choice and Thomson customers in November 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 easily identify a greener holiday. This improved customer awareness of sustainability issues offers TTP the prospect of developing new and differentiated product offerings to the market and to demonstrate its genuine commitment to Sustainable Development, as well as preserving destinations in the face of climate change.

Induced changes in human and cultural resources:

When natural disasters do occur, work with affected destinations can improve relations with the local population and generate pride amongst colleagues, as well as support for the company's activities. Following the earthquake in Haiti in January 2010, Thomson Airways, TUIfly Nordic and Jetairfly offered free seats for aid workers, and free cargo space for aid supplies, on its flights to neighbouring Dominican Republic. Thomson and First Choice also encouraged their customers visiting the Dominican Republic to leave behind clothes and toiletries to be sent to Haiti. TUI AG, TTP's majority shareholder, launched a five-year aid project aiming to contribute to reconstruction following the earthquake, in cooperation with Futouris and involving TUI AG, TUI Deutschland, TUI Suisse and TUI Austria. The company will provide €0.5M in total. TUI Group companies worldwide also launched individual projects or fundraising campaigns. TUI Suisse, for instance, pledged to donate the profit from new bookings in the 2009/10 winter season for departures to the Dominican Republic to the Glückskette relief organisation and employees of TUI Deutschland launched a fundraising campaign for action medeor e.V., a German medical relief organisation.

7.4

Are there financial implications associated with the identified opportunities?

Yes

7.5

Please describe them.

TTP's reputation as a responsible operator presents a revenue opportunity in terms of increased customer demand and loyalty. TTP is also conscious of the return on investment opportunities presented by, for example, green hotel designs which whilst they may add to capital expenditure costs, will yield good savings and return on investment in the operational phase and offer better profit margins. Environmental Diagnostic Audits (EDAs) which are extensive environmental evaluations of key suppliers' operations, provide the foundation of an ongoing sustainability improvement and reporting strategy. This not only helps to facilitate TTP's and TUI UK & Ireland's carbon reduction strategy and commitment to sustainability but also assists the commercial relationship with suppliers since it can significantly reduce their costs, as well as positively benefiting the customer experience. The Audits involve a number of actions including pre-audit questionnaires followed by visits to key hotels (such as the 60 hotels in which over half of TUI UK customers stay) and the collection of baseline data, detailed performance observations and analysis of any inefficiencies in supplier properties e.g. poor insulation, energy intensive lighting or poor management. Improvement measures are extremely cost-effective: 49% of typical recommendations made have a payback period of less than one month; 19% 1-6 months and 13% 6-12 months. TUI UK & Ireland aims to conduct EDAs on an ongoing basis at strategically important hotel locations, e.g. where there are the largest passenger volumes.

7.6

Describe any actions the company has taken or plans to take to exploit the opportunities that have been identified, including the investment needed to take those actions.

The travel industry relies on the attractiveness of its destinations since this is key to the quality of its customers' experience and therefore to generating positive publicity and repeat business. TTP therefore works in a number of ways in destinations to contribute to their long-term sustainability, particularly in the light of the threat of climate change. Whilst it operates a flexible business model and can therefore respond to customer demand as necessary, TTP directly owns / partly owns a number of the hotels it uses in destinations meaning that TTP has additional vested interest in ensuring that those particular destinations remain as attractive and pristine as possible, providing a business incentive to ensure their long-term viability. Particular actions taken include:

- NGO or conservation organisation involvement: TUI UK has been supporting a number of the Travel Foundation's programmes overseas in destinations, such as "Turtles in Trouble" addressing the conservation of endangered loggerhead and green turtles during the summer holiday season at destinations in Greece, Crete and Turkey. Several UK-based TTP businesses support the charity (<http://www.thetravelfoundation.org.uk/>) through matched customer donations, and have raised approximately GBP£2 million since its launch in 2003. As well as the protection of the destination, this initiative provides an excellent opportunity for increasing customer awareness and education.
- In January 2009, a group of TUI companies of which TUI Deutschland was the driving force 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. Other companies have now joined the initiative; this illustrates the role TUI has been able to adopt in leading the way in relation to good practice in the tourism industry.
- Actions taken to enhance local ecosystems: in October 2009, TUI Deutschland started to plant a TUI 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. The aim is to stop the continuing ground erosion of the coastal slopes and to raise awareness of environmental issues among customers. [cost > EUR650,000]

Where new products are being developed or introduced, TTP is incorporating climate change adaptation measures wherever possible. For example:

- New build best sustainability guidelines for siting, design and construction are incorporated into the specifications of new hotel properties with which TTP is associated, to 'future proof' these for H2O and CO2.
- TUI Nordic has a joint venture with Atlantica Hotels for the new-build project Atlantica Aegean Blue Village in Rhodes. The hotel opened in April 2009 and aims to be climate neutral and environmentally sustainable through a number of measures, including no use of fossil fuels onsite, reducing electricity and water consumption per guest night to a minimum, and buying carbon-free electricity from renewable energy sources as soon as this is available in Rhodes.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

8.1

Does climate change present other significant opportunities - current and/or anticipated - for your company?

Yes

Do you want to answer using:

The table below

8.2A

What are the current and/or anticipated other significant opportunities and their associated countries/regions and timescales?

Opportunities	Region/Country	Timescale in Years	Comment
Increased efficiency of goods and services	Other: Source markets and destinations	0 -- 5	Climate change frequently drives the need for increased efficiency of goods and services, particularly when resources are limited as a result. Evolving consumer attitudes arising out of increased awareness of climate change also creates a growing demand for such products. Climate change also offers an opportunity to develop new low-carbon technologies and to consider the use of alternative fuels and energy sources in order to preserve limited resources.
Reputational opportunities and increased ability to attract and retain talent	Other: Source markets	0 -- 5	Companies with a genuine commitment to Sustainable Development have an enhanced reputation both externally in the eyes of stakeholders, customers and investors and internally in terms of generating pride and loyalty among colleagues.
Financial opportunities	Other: Source markets	0 -- 5	Companies with a proven track record in sustainability are likely to be more attractive to customers (as awareness increases) and investors, in the face of market uncertainty created by climate change.

New services and/or product market opportunities	Other: Source markets	0 -- 5	<p>Research shows some increased consumer demand for environmentally responsible and sustainable holidays. TTP's research with Thomson customers in November 2009 indicated that 74% of its customers care about their holiday's carbon footprint and 92% expect their holiday company to be working to tackle climate change and support destination communities. External research reported by Eurobar (Europeans and Tourism – Autumn 2009) suggested that whilst sustainability is not a primary decision factor in holiday purchases, it is a consideration for customers. This provides an opportunity to provide new sustainable tourism products and services to the market, which is increasingly demanding experiential holidays, leading to competitive advantage through product innovation and a more authentic, memorable holiday experience.</p>
Other: opportunity to use corporate influence positively	Other: Source markets	0 -- 5	<p>The threat of climate change offers opportunities to use corporate influence in a number of ways. It will increasingly focus the minds of senior management in corporate organisations generally on the need to embed sustainable development into everyday business practice. In particular, responsible business practices and the prudent exercise of influence in destinations can contribute to more sustainable destination management. It also offers an opportunity to positively influence consumer choice and behaviour, and, by leading by example, to encourage sustainable business practices across the industry, including in supply chains. Climate change also presents an opportunity to develop collaborative partnerships with, for example, national and local governments, industry colleagues and associations, NGOs and local communities.</p>

8.3

Describe the ways in which the identified opportunities affect or could affect your business and your value chain.

Increased efficiency of goods & services:

Older aircraft are being replaced with new, more fuel efficient models, taking account of their environmental credentials: such as the Boeing 787 Dreamliner which will be lighter & more durable (made from composite materials rather than aluminum) & predicted to offer up to 20% lower fuel burn than current models of comparable size.

There are numerous examples of ways in which TTP has seized opportunities to make its goods & services more efficient; including:

- An initiative to turn off PCs overnight & when not in use, in all TUI UK & Ireland shops & office premises - estimated to save 2000 tonnes of CO2 p.a. & an energy saving of > 4,750MWh p.a.
- Amending the timetable of a minibus in TTP's three premises in Crawley by reviewing peak usage & cutting out unnecessary trips gave a reduction of more than 8 tonnes of CO2.
- Thomson Airways has launched a scheme across its fleet to replace 900k plastic bags used p.a. to package blankets on flights with adhesive tags made from sustainably sourced non-bleached paper. It is estimated this will equate to a yearly saving of 8,221 litres of fuel & save approximately 7.5 tonnes of waste going to landfill & more than 20 tonnes of carbon dioxide emissions.
- Excursions: e.g. Quark Expeditions (a TTP business) has a comprehensive programme to reduce carbon emissions, including adopting new & cleaner technologies as available, upgrading equipment & strengthening their standard operating procedures to mitigate the impact of their expeditions. Some voyages have reduced their carbon emissions by 19% through a fuel saving programme. Quark's Polar Ambassador programme encourages travellers who have been inspired by their voyage to become involved in the conservation & protection of the Arctic & Antarctic. www.quarkexpeditions.com/polar-ambassador.
- In TTP & suppliers' hotels: efficient energy, water & waste management systems such as motion detectors/sensors; efficient lighting & equipment; solar heating/cooling & energy; biomass/biofuels; accelerated refurbishment programmes; standards for new buildings; water leak detection; installation of more efficient equipment: e.g., Blue Village Rhodes has energy saving computers & extended insulation in all rooms, is cooled & heated using geothermic energy, does not use fossil fuels on site, has 180sq m solar panels integrated into its roof & intends to source all electricity from renewable energy when this is available in Rhodes. There are also opportunities involving alternative fuels currently being explored e.g. through the Group Airlines Biofuels Working Group.
- Thomson & First Choice aim to reduce brochure printing by 5% by the end of 2010.

Reputational opportunities & increased ability to attract & retain talent:

Climate change also creates both internal & external reputational opportunities: TTP's long-standing commitment to embedding SD into everyday business practice is increasingly recognised:

- externally: to customers & investors - who welcome enhanced returns from good environmental practices. This offers further financial & market opportunities to develop new & differentiated products, enhance brand value, gain competitive advantage & offer greater shareholder value); &
- internally in terms of attracting employees with a genuine interest in & commitment to SD.

TTP also has opportunities to use its position in the market to exercise positive corporate influence, to work collaboratively with a variety of stakeholders across the industry to lead the way on the SD agenda.

Financial opportunities:

Increased prices also provide incentives for sustainability. E.g., rising prices of imported goods in destinations (as a result of e.g. higher fuel & energy costs) encourages local sourcing, which not only reduces energy & packaging but in turn contributes to local economic development & livelihoods as well as providing an authentic local experience to guests.

New services &/or product market opportunities:

TUI UK is also working in cooperation with the Travel Foundation on three new 'Flagship Hotel' sustainability projects for 2010: a culinary local supply chain project at Sensatori Crete; a solid waste reduction & recycling project in Rhodes; & a water, energy & waste project in Cyprus at the HV Aliathon, using this hotel as a centre of best practice to train others, in particular other TUI UK flagship hotel managers.

Other: opportunity to use corporate influence positively:

When managed well, tourism supports conservation & preserves natural heritage. TTP recognises the importance of preserving & enhancing destinations which are key assets on which its business is built. TTP works with local & national governments wherever possible to enhance & sustainably develop the destinations in which it operates

e.g. by working collaboratively with ABTA on relevant issues & to support progressive sustainable development in destinations.

8.4

Are there financial implications associated with the identified opportunities?

Yes

8.5

Please describe them.

Environmental Diagnostic Audits (EDAs) which are extensive environmental evaluations of key suppliers' operations, provide the foundation of an ongoing sustainability improvement and reporting strategy. This not only helps to facilitate TTP's and TUI UK & Ireland's carbon reduction strategy and commitment to sustainability but also assists the commercial relationship with suppliers since it can significantly reduce their costs, as well as positively benefiting the customer experience. The Audits involve a number of actions including pre-audit questionnaires followed by visits to key hotels (such as the 60 hotels in which over half of TUI UK customers stay) and the collection of baseline data, detailed performance observations and analysis of any inefficiencies in supplier properties e.g. poor insulation, energy intensive lighting or poor management. Improvement measures are extremely cost-effective: Improvement measures are extremely cost-effective: 49% of typical recommendations made have a payback period of less than one month; 19% 1-6 months and 13% 6-12 months. TUI UK & Ireland aims to conduct EDAs on an ongoing basis at strategically important hotel locations, e.g. where there are the largest passenger volumes. As part of First Choice's commitment to supporting suppliers, an environmental expert visited seven Holiday Village properties in 2007/08 to conduct in-depth environmental audits. The audits identified that improved environmental management – particularly of water and energy – could potentially deliver cost savings in excess of £1 million per year.

8.6

Describe any actions the company has taken or plans to take to exploit the opportunities that have been identified, including the investment needed to take those actions.

Increased efficiency of goods & services:

TTP is increasing efforts to ensure its supply chain reduces its emissions. As set out above, Environmental Diagnostic Audits have been conducted with a number of supplier hotels & addenda added to airline supplier contracts, accommodation supplier contracts (requiring Travelife (TL) subscription) & IT procurement processes. TUI Central Europe has adopted the TL audit system to rate its 'Environmental Champion' supplier programme, & TUI AG has invited its hotel chains to complete TL to attain an 'EcoResort' label.

TUI Ski now issues paperless 'e-invoices'; expected to save 500,000 sheets & 200,000 envelopes per year – an eventual annual cost saving of £90,000. The paper reduction will save 1265 kg of CO2 associated with the paper manufacture.

TTP has distributed guidance to all destination offices, prepared minimum sustainability criteria for all excursions, & is appointing a Sustainable Development (SD) Destinations Manager. Using locally sourced food, beverages & products reduces emissions & provides customers with a more authentic & memorable local experience.

Reputational opportunities & increased ability to attract & retain talent:

TTP's external & internal reputation is enhanced by its SD track record. Its core value of Responsible Leadership & reputation for transparency & accountability attracts quality colleagues, offering opportunities to develop their commitment to & involvement in sustainable business development. TTP highlights these activities & focus during its recruitment process.

New services &/or product market opportunities:

TTP's portfolio of exclusive products including low climate impact products is unmatched & unreplicated by competitors. Its experience demonstrates that effective management of environmental & social impacts provides financial rewards, differentiated marketing benefits & brand positioning & enhanced customer experience – demonstrated by the correlation between customers' holiday satisfaction scores & the best-performing hotels in the sustainability audit programme.

First Choice Holidays launched a new online only Greener Holidays brochure in April 09, to make it as easy as possible for customers to choose a sustainable holiday. It features over 40 hotels worldwide with a TL award, sustainable excursions, tips on how holidaymakers can make a difference, update on World Care Fund projects & in-flight environmental initiatives. An online Thomson brochure will be released in 2010, featuring only TL-awarded properties. TUI Nordic, TUI Deutschland & TUI Nederland identify greener hotels on their websites & in brochures. Increasing customer demand for short or more sustainable trips also offers opportunities to develop alternative modes of transport e.g. options for train rather than air travel offered by TTP businesses Citalia & TUI Nordic.

85% of TTP's businesses communicate with their customers on sustainability issues in various ways. Thomson customer research in November 2009 indicated 74% of customers care about the carbon footprint of their holiday & 92% expect their holiday company to be working to tackle climate change & support destination communities. TTP is focusing on more effective ways to communicate with customers on sustainability issues (e.g. focus groups) to raise awareness & encourage responsible holiday choices. This includes the development of a customer microsite to support Holidays Forever (www.holidaysforever.co.uk) to support the customer communication element of TTP's SD strategy, a tool to raise awareness of sustainable tourism issues, showcase TTP's sustainable products & activities to customers & provide them with information on how to have a more sustainable holiday; before & during their stay. By communicating information e.g. carbon reduction targets to its customers, it aims to position itself as the tour operator of choice.

Other: opportunity to use corporate influence positively:

TTP continues to work to further embed SD into its operations & uses opportunities to influence strategy & practice at industry level. It actively partners with the Travel Foundation & Forum for the Future – currently working to pilot the Better Decisions, Real Value methodology to develop a leadership position on aviation & climate change. At the end of 2008/09, TTP Airlines became a lead airline partner on the EU Cleanskies project to build industry understanding of emission requirements. Thomson Airways is a member of the UK aviation industry's Sustainable Aviation (SA) Climate Working Group & will be involved in reviewing SA's position in light of the Climate Change Committee's Aviation Paper, focusing on e.g. top line demand, technology, air traffic management & biofuels.

TTP uses public advocacy to press for a more sustainable travel industry e.g. at high-profile events & conferences (9.11 below) & has won numerous awards, set out in Further Information below.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

TTP and its individual businesses have also won a number of awards in respect of their sustainability awards. In the 2008/09 year these included:

- World Travel Awards – TTP received the Responsible Tourism Award at the World Tourism Awards in 2009
- British Travel Awards – First Choice was awarded Most Environmentally & Socially Responsible Large Tour Operator (2007-09) and Thomson Airways was named Most Environmentally & Socially Responsible Airline (2006-09)?
- Travel Feather Awards – TUI Nederland was awarded the Green Feather in 2009 for its sustainable tourism activities?
- Co-operative Travel Star Awards – TUI UK won sustainable tourism award in 2008 and 2009
- TTG Travel Awards – TUI UK received the Travel Gives Back in 2009, and its SD commitment was the deciding factor in naming TUI UK the overall Top Travel Company (2009)
- Responsible Tourism Awards: First Choice was Highly Commended by the judges of the Best Tour Operator award for the second year running in 2008
- Travel Weekly Australia – Peregrine Adventures was one of only 2 travel companies to be awarded the maximum five Green Leaves for sustainable tourism initiatives in 2009
- Shine Awards – Jane Ashton, Group Head of SD, was the winner of the Sustainable Tourism Award (2010)
- The British Travel & Hospitality Industry Hall of Fame, Ambassador Award for The Outstanding Contribution to Sustainable Tourism, awarded to Dermot Blastland, MD TUI UK & Ireland.

Attachments

9.1

Please describe how your overall group business strategy links with actions taken on risks and opportunities (identified in questions 3 to 8), including any emissions reduction targets or achievements, public policy engagement and external communications.

The sustainability challenge is a key one for TTP & travel & tourism more generally. As an industry, tourism accounts for 11% of the world's GDP & 12% of its exports with around 50 of the world's least developed countries relying largely on tourism for economic development. However, travel & tourism are responsible for around 5% of global carbon dioxide emissions. As a leading tour operator TTP aspires to lead the travel & tourism sector & advocate for sustainability to be embraced as a business issue on which the future health of the industry depends.

As a tourism group TTP takes its responsibilities very seriously & is working to ensure that SD aligns with the Group's key strategic priorities. TTP's SD priorities map into its business strategy & ways of operating. Its four strategic business imperatives (see TTP's 2009 Annual Report & Accounts) align closely with the four pillars of its SD strategy set out in the 2008 SD Report: (1) Product & Content objectives link with SD initiatives in destinations; (2) work on Development & Brands fits with work conducted with customers on SD issues; (3) business focus on People & Operational Effectiveness matches SD initiatives with our Colleagues & (4) Growth & Capital Allocation is enhanced by TTP's focus on effective Carbon Management. Through work at Board level this alignment will be driven forward & deeper in the future. TTP's challenge is to understand how the industry can optimise its social, economic & environmental benefits for all concerned. TTP's goal in this respect is to make travel experiences special by providing holidays that cause minimal environmental impact, respect the culture & people of destinations & offer real economic benefit to local communities.

The next few years will be exciting & challenging for SD in the leisure tourism industry. TTP needs to prepare for the advent of a low-carbon society by further reducing the Group's impact on climate change, while ensuring it preserves the social & economic benefits of tourism – both for the traveller & the host community.

Responsible Leadership

Throughout the 2008/09 financial year, SD has continued to be an important part of the business agenda for TTP & it aspires to lead in SD within the leisure travel industry & in the long term. TTP believes this goal will help build shareholder value for TTP & contribute to operating a strong business now & in the future.

During 2008/09, TTP developed a Group SD policy & strategy in conjunction with key colleagues, articulating the Group's vision & approach to SD. The Group Code of Conduct covers a wide range of sustainability issues, including human rights, business ethics & transparency & commits TTP to upholding the principles of the UN Global Compact.

TTP's SD strategy is based on consideration of the key issues affecting the Company, now & in the future. It has been developed in consultation with internal & external stakeholders. It encourages all TTP businesses to develop their own SD strategy, aligning with Group priorities: In 2008 TTP commissioned Forum for the Future to develop a fact base of SD issues for all Group business managing directors to consider when developing business strategies. At the end of 2008/09, 73% (weighted by employee numbers) of TTP businesses had their own SD strategy & SD is incorporated into some businesses' 5 year plan – for example TUI UK & Ireland, the plan for which includes carbon management planning for e.g. transport & its supply chain. Training for colleagues incorporates training on SD issues: e.g. the TTP initiated Horizons development programme, an offsite strategic business skills programme for managers that have been identified as part of our talent pool. A Global Responsible Leadership programme is also being developed for senior leaders in all sectors.

Policy & mitigation for Group-wide risks relating to sustainability are facilitated by the Group Risk Management & SD Departments, with responsibility for managing such risks also shared by the businesses themselves.

TTP's four strategic priorities for sustainable development are:

- Carbon management
- Destinations
- Our colleagues
- Our customers

Sustainable Development issues are receiving increased coverage & visibility on a Group-wide basis both internally & externally. TTP produces an annual Sustainable Development Report which outlines its sustainable development strategy & priorities & documents the progress its 200+ businesses have made (against specific targets) towards its vision of providing holidays that cause minimal environmental impact, respect the culture & people of destinations & offer real economic benefit to local communities. TTP's Annual Report & Accounts also includes a section dedicated specifically to Sustainable Development which provides investors & other stakeholders

with detailed information regarding its sustainability strategy & vision for future progress.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

9.2

Do you have a current emissions reduction target?

Yes

9.6

Please complete the table. (If you have a current emissions reduction target or have a recently completed target)

Target Type	Value of Target	Unit	Base year	Emissions in base year (metric tonnes CO2-e)	Target Year	GHGs and GHG sources to which the target applies	Target met?	Comment
Absolute emissions reduction	6	% reduction from base year	2008	6016083	2014	Scope 1	Target ongoing	TUI Travel airlines emitted 6,016,083 tonnes of carbon dioxide in 2007/08 - the 6% reduction target set in Summer 2009 is both an intensity (relative target) as well as an absolute target.
Intensity target	6	% reduction from base year	2008	0	2014	Scope 1	Target ongoing	TUI Travel airlines emitted on average 77.9g of carbon dioxide per revenue passenger kilometre (CO2/RPK) in 2007/08 - the 6% reduction target set in Summer 2009 is both an intensity (relative target) as well as an absolute target - to be achieved by 2013/2014.

Strategy - Targets

Absolute emissions reduction	4.77	% reduction per year	2009	5778712	2010	Scope 1	Target ongoing	As part of the medium-term 6% reduction target, this year's target (09/10FY) is to achieve a 4.77% fuel-efficiency improvement for the TUI Travel Airlines against a 0809 baseline (by 30 September 2010).
Absolute emissions reduction	5	% reduction from base year	2008	15146	2010	Scope 1	Target ongoing	The target is to achieve a 5% reduction in carbon emissions from Thomson Cruises' Egyptian cruise programme in 2009/10 versus 2007/08 baseline
Absolute emissions reduction	5	% reduction from base year	2008	4071	2011	Scope 2	Target ongoing	Reduce TUI Deutschland's (TUI Central Europe) Head Office energy consumption by 5% by the end of 2011

Absolute emissions reduction	15	% reduction from base year	2007	2013	Scope 2	Target ongoing	<p>TUI Nordic has three stepped targets to address reducing emissions from electricity usage.</p> <ol style="list-style-type: none"> 1. Reduce electricity consumption in all TUI Nordic offices & shops by 5% by 2010/11 vs 2007 [baseline] 2. Reduce electricity consumption in all TUI Nordic offices & shops by 10% by 2011/12 vs 2007 [baseline] 3. Reduce electricity consumption in all TUI Nordic offices & shops by 15% by 2012/13 vs 2007 [baseline] <p>The baseline is 146 kWh/m2 - rather than being expressed as a metric tonne value.</p>
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Strategy - Targets

Intensity target	10	% reduction from base year	2007		2015	Scope 1	Target ongoing	TUIfly Nordic has two stepped targets to address reducing the relative intensity of its aircraft emissions. TUIfly Nordic emitted 67.8g of carbon dioxide per revenue passenger kilometre (CO2/RPK) in 2006/07 1. Reduce TUIfly Nordic fuel consumption per passenger by 5% by 2010/11 vs 2007 baseline 2. Reduce TUIfly Nordic fuel consumption per passenger by 10% by 2014/15 vs 2007 baseline
Absolute emissions reduction	7	% reduction from base year	2009	15392	2010	Scope 2	Target ongoing	Reduce Thomson & First Choice shops (TUI UK) carbon emissions by 7% by 2009/10

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

Is question 9.7 relevant for your company?

Yes

9.7

Please use the table below to describe your company's actions to reduce its GHG emissions.

1. Actions - please describe	2. Annual energy saving	3. Annual energy savings - number	4. Annual energy saving - units	5. Annual emission reduction in metric tonnes CO2-e	6. Reduction - achieved or anticipated	7. Investment - number	8. Investment - currency	9. Monetary savings - number	10. Monetary savings - currency	11. Monetary savings	12. Timescale of actions & associated investments (if relevant)
In 2008/09 the TUI Airlines continued with a fuel conservation programme to tackle emission reductions across the 7 airlines. The total saved was 10,800 tonnes of fuel which equates to 34,000 tonnes of carbon dioxide	Achieved	498960000	MJ (MegaJoule)	34000	Achieved	0	No cost	6000000	USD(\$)	Achieved	TTP Airlines fuel conservation programme saved over 34,000T of CO2 in 08/09 through fuel efficiency measures in engineering, flight planning & management, maintenance & ground ops – fuel savings equate to > US\$6M [NB - financial cost calculated using an average market price for jet-fuel during TTP's 0809 FY, not the price TTP hedged at].

9.9

Please provide any other information you consider necessary to describe your emission reduction activities.

The following other targets are worthy of inclusion (all apply to 2009/10 FY unless otherwise stated). These will contribute either directly or indirectly to carbon emission savings.

Group Carbon Management Workstream 1: Airlines

- Fit winglets to 10% of aircraft TUI Travel Airlines aircraft
- Research and develop a draft TUI Travel Airlines biofuels strategy
- Be lead airline partner on EU Cleanskies project - building understanding of future environmental noise & emission constraints
- Develop sustainable development contractual standards for 3rd party airline contracts

Group Carbon Management Workstream 2: Water Transport

- Develop best practice guidelines and distribute to cruise businesses.

Group Carbon Management Workstream 3: Major Premises

- Scope process and systems for ongoing baseline data
- Develop plan for good performance under the Carbon Reduction Commitment Energy Efficiency Scheme for TTP UK building portfolio
- Develop best practice guidelines and distribute to key contacts.

Group Carbon Management Workstream 4: Ground Transport

- Develop process and systems for ongoing baseline data
- Develop best practice guidelines and distribute to ground transport businesses.

Group Carbon Management Workstream 5: Flagship Hotel Properties

- Develop process and systems for ongoing baseline data

TUI Nordic

- Procure 100% of electricity requirements from renewable energy sources in all TUI Nordic offices & shops by 2011 (where feasible when lease contracts are scheduled for renewal etc).

9.10

Do you engage with policy makers on possible responses to climate change including taxation, regulation and carbon trading?

Yes

9.11

Please describe.

Thomson Airways continues to work closely with the UK Government's Transport & Environment Depts both directly & in conjunction with the British Air Transport Assoc & the EC via the International Air Carrier Assoc on the implementation of the proposed EU Emissions Trading Scheme (EU ETS) & how best to include aviation in the planned EU ETS. TTP's European airlines have all submitted their ETS monitoring plans on time; all have been approved. TTP's UK Airline has invested in CERs to help meet the regulatory requirements under the ETS's 2012 requirements.

TTP worked closely with the UK Conservative Shadow team ahead of the recent election to assist in their thinking on replacing the UK APD with a per plane tax, which the new coalition government is now considering. Within the European sphere, through IACA TTP has maintained a lobbying position that blunt taxes are not the answer to carbon efficiency & a global approach to emissions trading is what is required.

TTP's UK [where it is both head-quartered & listed on the London Stock Exchange] & European Airline colleagues aim to educate UK Government officials, MEPs & EU officials (within various Directorates (including e.g. Transport & Environment) and officials in TTP's European source markets (e.g. transport & environment ministries within Germany, the home of TUIfly), about current operation of the industry & the impact future policy will have on the operation of the UK & European industries. TTP's colleagues also aim to ensure that steps being taken to improve TTP's airline fuel efficiency, for example, are communicated to policy makers so they are made aware of the efforts being undertaken by the industry.

The Lisbon Treaty came into force on 1 December 2009. For the first time, the EU has political responsibility for tourism. TTP was invited to participate in a consultation process with the relevant Directorate General: TTP stressed the need for sustainability to be central to tourism development in the EU. Following the consultation process, member states have now committed to take part in implementing a new consolidated EU tourism policy to enhance competitiveness & to promote socially, environmentally, culturally & economically sustainable tourism. TTP welcomes the opportunity to continue to actively engage with policy makers in this way.

TTP aspires to lead industry & lobby for sustainability to be embraced as a business issue on which the industry's future health depends. As well as partnerships (6.6 above) TTP middle & senior management colleagues are regular public advocates for more sustainable tourism, e.g. by presenting at events between September 2008 & June 2010:

- Toronto Responsible Tourism Conference;
- TravelMole Sustainable Tourism Masterclass, focussing on TTP's s commitment to responsible leadership & World Care Fund as a practical example of implementation;
- ABTA panel discussion on impact of long-term sustainability trends;
- Tourism & Sustainability conference Palma organised by Sol Melia hotels;
- 3-day UNESCO workshop on improving sustainable management of World Heritage Sites & tour operator role;
- WTM tour operators' panel discussion & conference on the business relevance of responsible tourism;
- Travel Foundation Forum 'Can going green help keep you out of the red?'
- ODI/DfID event 'Core business competencies for development impact: moving on from CSR', giving details of TUI's sustainable development activities;
- FTO Travelife roadshow in Malta;
- Panel on "Harnessing the potential of green technologies" at The Economist 2009 Sustainability Summit;
- The business case for sustainable development: conference on in-bound tourism in Switzerland;
- Carbon offsetting at the ENDS (Environmental Data Services) Carbon Management Conference;
- World Travel Market Vision conference 2008;
- Sustainable Development 'Groeneveld Conference 2009', Holland;
- Travel Foundation programme managers workshop in Bristol;
- Airport Partners VIP Day, outlining to senior managers of UK airports the approach TTP is taking with respect to sustainable development issues as well as Thomson Airways' progress to date & future plans;
- Business leaders' round-table debate on the Copenhagen Climate Change talks;
- World Travel Market 2009: Forum for the FutureTourism 2023 seminar, 'Hot Seat' interview on World Responsible Tourism Day, Tourism & Biodiversity at IUCN seminar & 'Business Case for Responsible Tourism' conference;
- PATA adventure travel & responsible tourism conference on 'Responsible tourism – the driving force';

Strategy - Emission Reduction Activities

- A number of team members have spoken at Manchester Metropolitan, Bournemouth & London Metropolitan Universities on sustainable tourism;
- Presentations at purchasers & suppliers' conferences in Crete including 'The Role of the Tour Operator in Destination Sustainability';
- Born Free event in entitled 'Look at Animals with a Different View';
- Debate on climate change at ITT conference.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

10.1

Please indicate the category that describes the company, entities, or group for which Scope 1 and Scope 2 GHG emissions are reported.

Companies over which financial control is exercised per consolidated audited financial statements

10.2

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions within this boundary which are not included in your disclosure?

No

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

11.1a

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions and/or describe the procedure you have used (in the text box in 11.1b below).

Please select the published methodologies that you use.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Defra Voluntary Reporting Guidelines

Other: Global Reporting Initiative - G3 Framework & Guidelines

Other: IEA - Electricity CO2 factors

11.1b

Please describe the procedure that you use.

TUI Travel PLC has principally used the following methods and reference materials to calculate emissions for Scope 1 and Scope 2 GHG emissions, these are as follows:

- The GHG Protocol [Revised Edition] available at <http://www.ghgprotocol.org>
- The UK Government's Environment Department [DEFRA] "Guidelines for Company Reporting on Greenhouse Gas Emissions" and the supplementary emission factor tables (which were last updated in September 2009 – more info from <http://www.defra.gov.uk/environment/business/reporting/conversion-factors.htm>)

DEFRA's "Guidelines to Greenhouse Gas Conversion Factors" [Annexes updated September 2009] were used to obtain carbon dioxide emission factors for gas, aviation fuel, ground-based fuels and electricity etc used in the UK and beyond as appropriate. In addition, reference was made to The International Energy Agency [IEA]'s 2008 Edition of "CO2 Emissions from Fuel Combustion" to obtain the electricity emission factors [kg CO2/kWh] for TUI Travel PLC's operations around the world.

11.2

Please also provide the names of and links to any calculation tools used.

Please select the calculation tools used.

Other: <http://www.airrouting.com>

11.3

Please give the global warming potentials you have applied and their origin.

Gas	Reference	GWP
Carbon dioxide	Other: DEFRA GHG Reporting - 09	1

11.4

Please give the emission factors you have applied and their origin.

Fuel/Material	Emission Factor	Unit	Reference
Gas/Diesel oil	2.64	kg CO2 per litre	DEFRA GHG Reporting - 09
Jet kerosene	3.15	metric tonnes CO2 per metric tonne	DEFRA GHG Reporting - 09
Liquefied petroleum gas (LPG)	1.5	kg CO2 per litre	DEFRA GHG Reporting - 09
Motor gasoline	2.31	kg CO2 per litre	DEFRA GHG Reporting - 09
Natural gas	0.2	Other: kg CO2 per kWh	DEFRA GHG Reporting - 09
Other: Heating oil	2.53	kg CO2 per litre	DEFRA GHG Reporting - 09

Other: Marine Fuels - MDO/MGO/IFO

3.11

metric tonnes CO2 per metric tonne

University of California, Berkeley
Astronomy Dept. -
[http://astro.berkeley.edu/~wright/fuel_ener
gy.html](http://astro.berkeley.edu/~wright/fuel_energy.html)

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

A number of the factors quoted above, whilst restricted to 2 decimal places in the CDP ORS, are actually quoted with as many as four decimal places in the DEFRA GHG Reporting Guidelines (Sept 09 update).

Attachments

12.1
Please give your total gross global Scope 1 GHG emissions in metric tonnes of CO2-e.

6297794

Is question 12.2 relevant to your company?

No

12.4
Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 1 emissions by business division. (Only data for the current reporting year requested.)

Business Division	Scope 1 Metric tonnes CO2-e
TUI Group Airlines	5778712
Cruise Operations	301802
Ground Transport	17333
Marine operations (non-cruise)	9119
Fossil Fuels for buildings (e.g. gas, LPG)	32504

12.5
Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 1 emissions by facility. (Only data for the current reporting year requested.)

Facilities	Scope 1 Metric tonnes CO2-e
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Is question 12.6 relevant to your company?

No

12.7
Please explain why not.

The only source of emissions relevant from the Kyoto "basket of six GHG" is carbon dioxide, so that's all TTP has collected and reported.

Is question 12.8 relevant to your company?

Yes

12.8
Please give the total amount of fuel in MWh that your organization has consumed during the reporting year.

25611368

Is question 12.10 relevant to your company?

Yes

12.10
Please complete the table by breaking down the total figure by fuel type.

Fuels	MWh
Gas/Diesel oil	84329
Jet kerosene	24209141
Motor gasoline	8063
Natural gas	28740
Other: Marine fuel - MDO/MGO/IFO	1281094

12.12

Please estimate the level of uncertainty of the total gross global Scope 1 figure that you have supplied in answer to question 12.1 and specify the sources of uncertainty in your data gathering, handling, and calculations.

Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
More than 2% but less than or equal to 5%		<p>In December 2009, TUI AG (TUI Travel PLC's parent company) commissioned the external consultancy company Arqum to audit the processes of monitoring the emissions and calculations of environmental KPIs for the TUI Group (including data from TTP's Hotels, Cruise Operations & Airlines - which make up more than 95% of TTP's Scope 1 & 2 emissions). All steps of the process (circulation of questionnaires, preparation of raw information & evaluation of data) have been audited. The verification statement has not been attached as it is only available in German. However, Arqum's summary statement on page 17 of the attached TUI AG SD Report 2009, states that:</p> <p>"In the framework of our recurring audit, we have checked the plausibility of the TUI Group's environmental indicators. To this end, we had access to all relevant documents and obtained explanations for the documents. The method used to determine the indicators is comprehensible and well-documented. The indicators determined appear plausible. The continuous collection and updating of the environmental indicators is exemplary".</p> <p>TTP has therefore stated that "more than 2% but less than or equal to 5%" uncertainty range represents an accurate picture of data presented.</p> <p>One exception is that one of TTP's hotel chain's datasets was not available in 0809 FY, so 0708 FY data has been used instead.</p>

12.3

Please explain why not.

The majority of TUI Travel PLC's emissions are dispersed emissions, rather than being point source emissions i.e. on account of emissions coming from aircraft, cruise ship operations & ground transport fleets. It is therefore not possible to outline the emissions on this basis, therefore, please refer to Q12.4 for more details.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

13.1
Please give your total gross global Scope 2 GHG emissions in metric tonnes of CO2-e.

104408

Is question 13.2 relevant to your company?

No

13.3
Please explain why not.

TTP is not able to break it down as requested at present on account of having > 200 brands operating from 27 source markets and serving 180 destinations. However, TTP's Business Assurance department conducted a detailed internal carbon review of the existing processes and practices in place at TTP during May 2010. The recommendations are currently pending. However, TTP's Group Management Board is committed to addressing the findings and taking appropriate action to put plans in place to make improvements to existing collection systems and processes to aid the carbon reporting processes in advance of likely mandatory reporting in 2012.

13.4
Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 2 emissions by business division. (Only data for the current reporting year requested.)

Business division name	Metric tonnes CO2-e
------------------------	---------------------

13.5
Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 2 emissions by facility. (Only data for the current reporting year requested.)

Facility name	Metric tonnes CO2-e
---------------	---------------------

Is question 13.6 relevant to your company?

Yes

13.6
How much electricity, heat, steam, and cooling in MWh has your organization purchased for its own consumption during the reporting year?

Please supply data for these energy types.	MWh
Electricity	235875

13.8
Please estimate the level of uncertainty of the total gross global Scope 2 figure that you have supplied in answer to question 13.1 and specify the sources of uncertainty in your data gathering, handling, and calculations.

Uncertainty range	Main sources of uncertainty in your data	Please expand on the uncertainty in your data.
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More than 5% but less than or equal to 10%

TUI Travel PLC has improved the accuracy of the calculations made for scope 2 (global electricity usage) since its 2008 CDP submission. However, the current method of calculating emissions by using the financial cost across the business then using published data on costs for kWh has its limitations. The financial amounts disclosed for the 2007/08 financial year versus 2008/09 were very similar, giving confidence in the method. Therefore, TTP has stated that “more than 5% but less than or equal to 10%” uncertainty range represents an accurate picture.

TTP's Business Assurance department conducted a detailed internal carbon review of the existing processes and practices in place at TTP during May 2010. The recommendations are currently pending. However, TTP's Group Management Board is committed to addressing the findings and taking appropriate action to put plans in place to make improvements to existing collection systems and processes to aid the carbon reporting processes in advance of likely mandatory reporting in 2012.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

DEFRA's "Guidelines for Company Reporting on Greenhouse Gas Emissions" (last updated in Sept 09) was made reference to for calculating carbon emissions associated with electricity used in the UK, i.e. 0.54056kg CO₂/kWh. The International Energy Agency's 2008 Edition of "CO₂ Emissions from Fuel Combustion" was used to obtain the electricity emission factors [kg CO₂/kWh] for TUI Travel PLC's operations around the world – factors used included:

- A "World Electricity Average" [2004-06] of 502g of CO₂ per kWh [IEA].
- A "European Electricity Average" [2004-06] of 309g of CO₂ per kWh [IEA].

Attachments

14.1

Do you consider that the grid average factors used to report Scope 2 emissions in question 13 reflect the contractual arrangements you have with electricity suppliers?

Yes

14.4

Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?

No

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

It was not possible during FY 2008/09 to identify which parts of TUI Travel has electricity contractual arrangements that support particular types of "green tariff" electricity generation. However, DEFRA's GHG Reporting Guideline advice regarding this issue is, that unless an organisation is procuring from either a 100% renewable tariff or generating renewable electricity on its site/its own land, DEFRA recommends that a disclosing company uses the average grid electricity emission factor – i.e. treat all electricity use as "brown" which is what TTP has done.

Attachments

Is question 15.1 relevant to your company?

Yes

15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization.

Sources of Scope 3 emissions	Metric tonnes of CO2-e	Methodology	If you cannot provide a figure for a relevant source of Scope 3 emissions, please describe the emissions.
Business travel	4468	<p>Business travel by air – using DEFRA (September 2009 Update) Guidelines - calculate the point to point distances using http://www.airrouting.com/content/TimeDistanceForm.aspx then apply the factors from DEFRA</p> <ul style="list-style-type: none"> • Domestic - 0.17102 kg CO2 per km [from 1km to 463km per sector] • Short Haul - 0.09826 kg CO2 per km [from 464km up to 3699km per sector] • Long Haul - 0.11220 kg CO2 per km [from 3670km upwards per sector] <p>All multiplication factors cited above were then subject to a 9% “uplift factor” which comes from the IPCC Aviation & the Global Atmosphere Report [8.2.2.3] , which states that 9-10% should be added to take into account non-direct routes (i.e. not along the straight line great circle distances between destinations) and delays/circling. This “uplift factor” as well the multiplication factors were from DEFRA’s Guidelines for Company Reporting on Greenhouse Gas Emissions, Sept 09.</p>	
Other: Minibus transport to/from major offices	236	<p>Info acquired by service provider (litres of fuel used) was then multiplied by the DEFRA factors - e.g.diesel = 2.6391 kg of CO2/litre of fuel</p>	

Other: Water Usage in TTP's Hotels	833	Water Usage in TTP's Hotels – carbon emissions associated with the freshwater supply - a factor of 300 kg CO2 per 1,000,000 litres was applied [this is from the Water UK Sustainability Indicators 2008/09 document available on Water UK's website]. TTP appreciates that this applies to energy and therefore CO2 emissions for UK water supply, but it should be indicative of overseas water supply conditions and emission profiles.
Energy-related activities not included in scope 2	4030	Working with TTP Group IT colleague, Data Centers were contacted to ascertain the energy usage associated with hosting TTP servers. "World Electricity Average" [2004-06] of 502g of CO2 per kWh [IEA] was used to calculate kWh to CO2 tonnage.
Other: TUI Nordic Train	176	TUI Nordic Train - the Nordic based tour operator charters a train for taking summer passengers down to mainland Europe from that region. A factor of 0.0312 kg per pax km with 5 628 920 pax km [2700 pax x specific distances] multiplied by the factor
Other: Office Copier Paper	326	Emissions associated with the manufacturing of Office Copier Paper used by TTP in 2008/09. A factor of 506kg of CO2 per tonne of office copier paper manufactured [from information received by TUI Travel PLC's UK stationery supplier for the manufacture and transport logistics for a standard copier paper]
Other: Brochure Paper	22014	Emissions associated with the manufacturing of Brochure Paper – 696kg of CO2 per tonne of brochure paper manufactured [based on an average of three mills that supply TTP's printers with brochure paper with data coming from the mills Paper Profile disclosures – paperprofile.com .

Other: Emissions from air passenger travel - non-owned aircraft	10940	<p>Applicable to TUI Travel Specialist US & Canada passengers travelling by third party aircraft. The same methodology and approach as business travel by air, above, i.e.</p> <p>Using DEFRA (September 2009 Update) Guidelines - calculate the point to point distances using http://www.airrouting.com/content/TimeDistanceForm.aspx then apply the factors from DEFRA</p> <ul style="list-style-type: none"> • Domestic - 0.17102 kg CO2 per km [from 1km to 463km per sector] • Short Haul - 0.09826 kg CO2 per km [from 464km up to 3699km per sector] • Long Haul - 0.11220 kg CO2 per km [from 3670km upwards per sector] <p>All multiplication factors cited above were then subject to a 9% “uplift factor” which comes from the IPCC Aviation & the Global Atmosphere Report [8.2.2.3] , which states that 9-10% should be added to take into account non-direct routes (i.e. not along the straight line great circle distances between destinations) and delays/circling. This “uplift factor” as well the multiplication factors were from DEFRA’s Guidelines for Company Reporting on Greenhouse Gas Emissions, Sept 09.</p>
Other: Emissions from coach passenger travel - non-owned coaches	2144	<p>Applicable to TUI Travel Specialist US & Canada passengers travelling by third party coach. The same methodology and approach as used in DEFRA guidance, i.e. pax km x emissions per km (coach travel used 0.03 kgCO2/pax km)</p>

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

16.1

Does the use of your goods and/or services enable GHG emissions to be avoided by a third party?

No

Is question 17.1 relevant to your company?

No

17.2

Please explain why not.

TUI Travel PLC does not currently use biomass/biofuels for its operations.

However, the TUI Airlines has created an multi-disciplinary Biofuels Working Group [WG] in Spring 2010 to involve all seven Airlines to identify & analyse opportunities to engage with the aviation biofuels industry, deliver an informed recommendation on TUI Airlines' approach to optimise commercial & environmental response to aviation biofuels & work towards a joint biofuels strategy based on costs/benefit analyses & assessing risks & opportunities.

TTP expects to update CDP, among others, in due course.

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

18.1a

Please describe a financial intensity measurement for the reporting year for your gross combined Scope 1 and Scope 2 emissions.

If you do not consider a financial intensity measurement to be relevant to your company, select "Not relevant" in column 5 and explain why in column 6.

Figure for Scope 1 and Scope 2 emissions	GHG units	Multiple of currency unit	Currency unit	Financial intensity metrics	Please explain if not relevant. Alternatively provide any contextual details that you consider relevant to understand the units or figures you have provided.
0.46	Kilograms CO2-e	1	GBP (£)	Revenue	Calculated by taking Scope 1 & 2 emissions (6,402,202 tonnes) divided by TUI Travel PLC's revenue/turnover for 0809 of £13,863 M

18.1b

Please describe an activity-related intensity measurement for the reporting year for your gross combined Scope 1 and Scope 2 emissions.

Oil and gas sector companies are also asked to report activity-related intensity metrics in answer to table OG1.3.

If you do not consider an activity-related intensity measurement to be relevant to your company, select "Not relevant" in column 3 and explain why in column 4.

Figure for Scope 1 and Scope 2 emissions	GHG units	Activity-related metrics	Please explain if not relevant. Alternatively provide any contextual details that you consider relevant to understand the units or figures you have provided.
78.1	Other: grams of CO2	Other: per revenue passenger km [RPK]	This figure applies to the average grams CO2/RPK for the 7 TUI Travel Airlines for the TTP 0809 FY.
12.4	Other: kg of CO2	Other: per guest night	This figure applies to the average kg CO2/Guest Night for the TUI Travel PLC Hotels for the TTP 0809 FY.
368	Other: grams of CO2	Other: per passenger km	This figure applies to the grams of CO2/passenger km for the TUI Travel Cruise & Expedition ships for the TTP 0809 FY.

19.1

Do the absolute emissions (Scope 1 and Scope 2 combined) for the reporting year vary significantly compared to the previous year?

No

20.1A

Please complete the following table indicating the percentage of reported emissions that have been verified/assured and attach the relevant statement.

Scope 1 (Q12.1)	Scope 2 (Q13.1)	Scope 3 (Q15.1)
More than 80% but less than or equal to 100%	More than 80% but less than or equal to 100%	Not verified

20.1B

I have attached an external verification statement that covers the following scopes:

Scope 1

Scope 2

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

In December 2009, TUI AG (TUI Travel PLC's parent company) commissioned the external consultancy company Arqum to audit the processes of monitoring the emissions and calculations of environmental KPIs for the TUI Group (including data from TTP's Hotels, Cruise Operations & Airlines - which make up more than 95% of TTP's Scope 1 & 2 emissions). All steps of the process (circulation of questionnaires, preparation of raw information & evaluation of data) have been audited. The verification statement has not been attached as it is only available in German. However, Arqum's summary statement on page 17 of the attached TUI AG SD Report 2009, states that:

"In the framework of our recurring audit, we have checked the plausibility of the TUI Group's environmental indicators. To this end, we had access to all relevant documents and obtained explanations for the documents. The method used to determine the indicators is comprehensible and well-documented. The indicators determined appear plausible. The continuous collection and updating of the environmental indicators is exemplary".

Attachments

<https://www.cdproject.net/Sites/2010/84/19584/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Other2/TUI AG - SD Report 2009.pdf>

21.1**Do you participate in any emission trading schemes?**

Yes

21.2**Please complete the following table for each of the emission trading schemes in which you participate.**

Scheme name	Period for which data is supplied.	Allowances allocated	Allowances purchased	Verified emissions - number	Verified emissions - units	Details of ownership
Other: UK CRC Energy Efficiency Scheme	2010-04-01	0	0	0	Metric tonnes CO2	Facilities we operate but do not own

21.3**What is your strategy for complying with the schemes in which you participate or anticipate participating?**

The UK CRC Energy Efficiency Scheme

The CRC will evolve to become a fully fledged cap and trade scheme in its second phase (April 2011 onwards). The dates above reflect the first phase of the CRC scheme.

TTP has created a project team to deploy plans and work programmes to ensure that it takes the necessary steps and has assigned a number of individual roles and responsibilities including a director to represent and sign-off on behalf of the Group's required disclosures.

TUI UK is taking the lead on CRC preparation by working in partnership with a specialist energy consultancy to meet the requirements of the legislation (from April 10) to ensure TTP's UK sites are well prepared. A draft CRC Action Plan has been devised which covers preparation for the CRC and its first compliance year. In addition, it will assist complete cost modelling and scenario building (the details of which are commercially confidential) as well as the necessary government disclosures to ensure TTP performs well on the forthcoming league table.

TTP also recognises that behaviour change is often one of the most cost-effective actions that an organisation can take to reduce carbon – to this end, TUI UK is already making good progress – for example by engaging employees in relation to saving energy and understanding energy-efficiency; for example devising and disseminating a sustainable development charter for TUI UK Retail Shops.

The European Union Emissions Trading Scheme

The third phase will incorporate airlines from 1 Jan 2012 onwards. TTP's airlines (7 located across Europe & Morocco) have all submitted their ETS monitoring plans on time; all have been approved. Thomson Airways (TUI's UK airline) initial preparation document for EU ETS was held up as an exemplar by the UK competent body, The Environment Agency. TTP's EU ETS project manager is currently working on a solution to incorporate MRV requirements for all 7 TUI Travel airlines.

TTP has been working with a leading external consultancy to ascertain the likely financial and operational implications for its flying programme resulting from inclusion of the TTP Airlines within the EU ETS (based on a range of prices for emission permits) the details of which are commercially confidential. However, the forecasted cost implications to TTP of the EU ETS are low in comparison to other exposures: for example the maximum likely costs of carbon hedging to cover any short position under the EU ETS equate to approximately 1% of fuel and foreign exchange exposure combined.

TTP is using the experience of carbon market mechanisms it has gained through the voluntary World Care Fund scheme to additionally invest in CER emissions reduction projects. These projects will not only provide compliance grade credits but will deliver additional benefits to the communities in which they are located.

21.4**Has your company originated any project-based carbon credits or purchased any within the reporting period?**

Yes

21.5

Please complete the following table.

Credit origination or credit purchase?	Project identification	URL link to project documentation	Verified to which standard?	Number of credits (metric tonnes of CO2-e)	Credits retired?	Purpose e.g. compliance
Credit Purchase	<p>Many of TTP's brands in the UK and beyond work in partnership with Climate Care- e.g.:</p> <p>TUI UK (Thomson & First Choice Holidays) has set up its World Care Fund - a scheme for customers to make a voluntary contribution, matched by the company, of which other TTP companies have also worked in partnership with Climate Care on.</p> <p>TUI Nederland offers an offset for CO2 emissions associated with air & ground transport for Robinson Holidays customers</p> <p>TUI Ski (Crystal) promote an offset that incorporates the transport emissions element.</p> <p>Other TUI Travel brands working with Climate Care as follows:</p> <p>TUI Nederland & First Choice Nederland</p> <p>TUI Specialist UK - e.g. Hayes & Jarvis, Sovereign & Jetsave</p> <p>TUI Activity UK - e.g. The Adventure Co, Imaginitive Traveller & TUI Ski</p>	<p>The details of the projects in the portfolio can be located as follows:</p> <p>Mazi Wind - https://gs1.apx.com/mymodule/ProjectDoc/EditProjectDoc.asp?id1=388</p> <p>Belen Wind - https://gs1.apx.com/myModule/rpt/myrpt.asp?r=111 this link is to the listed projects – Belen is currently in 'listed' status so paperwork is not yet publically available</p> <p>Zengamina Micro-Hydro https://gs1.apx.com/mymodule/ProjectDoc/EditProjectDoc.asp?id1=355</p> <p>Earth Stoves - Renewable Biomass https://gs1.apx.com/myModule/rpt/myrpt.asp - this link is to the listed projects – Earth stoves is currently in listed status so paperwork is not yet publically available.</p> <p>Kerala Wind - https://gs1.apx.com/myModule/rpt/myrpt.asp - again the same link – the project is listed not registered so the paperwork is not yet publically available.</p>	Gold Standard	100000	No	Voluntary Offsetting

Credit Purchase	TUI Nordic (Fritidsresor / Star Tour / Finnmatkat, TEMA) Customers are offered the option of offsetting their flight emissions directly with various organisations (Triconora, Atmosfair, Climate Care, Green Seat, My Climate, Carbon Neutral and some local organisations such as Naturskyddsforeningen in Sweden). Alternatively, customers can donate a fixed amount. The business also makes a donation.	https://www.atmosfair.de/index.php?id=331&L=3	Gold Standard	19700	Yes	Voluntary Offsetting
Credit Purchase	Jetair NV Customers are offered the option of offsetting the transport element of their holiday through the Green Seat programme. It is not integrated in booking engines, so tonnage not known.	http://www.greenseat.nl/	VCS		No	Voluntary Offsetting
Credit Purchase	Exodus Clients are encouraged (via the website) to donate to a specific Friends of Conservation project (e.g. Tambopata Reserve, Peru) or one of Exodus Travel's own projects (e.g. provision of solar cookers in the Himalayas).	http://www.foc-uk.com/	Other: Not rated against a standard		Not relevant	Voluntary Offsetting
Credit Purchase	Trek Escapes/Trek Holidays These TTP Activity sector brands work with offsetters.ca to offer customers the option of offsetting the transport element of their holiday.adventure	http://www.offsetters.ca/	Other: Not rated against a standard		Not relevant	Voluntary Offsetting

Credit Purchase	TUI Deutschland GmbH Customers are offered the option of offsetting the emissions generated by their whole holiday including accommodation and ground transport. The business also makes a donation.	http://www.myclimate.org/klimaschutzprojekte/projekt-e-international/detail/mycproject/8/53.html http://www.myclimate.org/klimaschutzprojekte/projekt-e-international/detail/mycproject/31/53.html	Gold Standard	300	Yes	Voluntary Offsetting
Credit Purchase	A number of other businesses within TTP offer offsetting schemes, which alas, the specific details are not currently available e.g. TUI Osterreich GmbH [TUI Central Europe] Gebeco [TUI Central Europe] TUI Suisse [TUI Central Europe] TCS and Starquest Expeditions [TUI Activity] School Voyageurs, Young Explorers, Impact Educational Tours [TUI Specialist]		Other: Various			

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Attachments

22.1

Have you published information about your company's response to climate change/GHG emissions in other places than in your CDP response?

Yes

22.2

In your Annual Reports or other mainstream filing? (If so, please attach your latest publication(s).)

Yes

22.3

Through voluntary communications such as CSR reports? (If so, please attach your latest publication(s).)

Yes

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

With respect to the TTP ARA 2009 - the main SD content is contained within a dedicated SD section.

Attachments

[https://www.cdproject.net/Sites/2010/84/19584/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Communications/TUI Travel - ARA 2009.pdf](https://www.cdproject.net/Sites/2010/84/19584/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Communications/TUI%20Travel%20-%20ARA%202009.pdf)

[https://www.cdproject.net/Sites/2010/84/19584/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Communications/TUI Travel - SD Report 2008.pdf](https://www.cdproject.net/Sites/2010/84/19584/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Communications/TUI%20Travel%20-%20SD%20Report%202008.pdf)

Do you want to report back to the Mayday Network?

If you answer yes, we will make your CDP submission and contact details available to the Mayday Network team at Business in the Community.

Yes

TTP's goal is that all its businesses will deliver good quality communications on sustainable development at each stage of the customer journey, based on robust customer research and through establishing Groupwide guidance on specific customer engagement issues. 85% of TTP's businesses presently communicate with their customers regarding sustainability issues, through various channels and at various stages of the customer journey. Online research was conducted with First Choice and Thomson customers in November 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 easily identify a greener holiday. Although it is not yet clear whether this is translated into behaviour change, TTP is very conscious of customer demand and is focusing on more effective ways to communicate with customers on sustainability issues, raise awareness and encourage responsible holiday choices.

Following customer focus groups in early 2010, this includes the development of a customer-facing micro-site to support Holidays Forever, a sustainable tourism brand developed in partnership between Thomson & First Choice. The site (www.holidaysforever.co.uk) will support the customer communication element of TTP's SD strategy, act as a tool to raise awareness of sustainable tourism issues, showcase TTP's sustainable products and activities to customers and provide them with information on how to have a more sustainable holiday; before and during their stay.

First Choice Holidays launched a new (online only) Greener Holidays brochure in April 2009, to make it as easy as possible for customers to choose a sustainable holiday. It features over 40 hotels worldwide with a Travelife award, sustainable excursions & tips on how holidaymakers can make a difference, an update on World Care Fund projects & in-flight environmental initiatives. An online Thomson brochure to be released in 2010 will feature only Travelife-awarded properties.

TTP is working with suppliers to reduce their environmental impacts in a number of ways for example:

- Active encouragement of all suppliers to use the Travelife Sustainability System <http://www.its4travel.com/>, undertaking in-depth audits of hotels' environmental management & following up on performance improvements to cut CO2 emissions.. In 08/09 TUI UK focused on its top 400 hotels by customer numbers, which cater for >50% customers. By the end of summer 2011, it aims to have 50% of its customers staying in Travelife awarded hotels. An addendum to contracts with TUI UK requires hotel suppliers to subscribe to Travelife & participate in a Travelife audit. All TTP mainstream sectors are now rolling out the Travelife system.
- TTP is increasing its emphasis on sustainable sourcing. In FY09/10 TTP intends to develop a supplier website to inform its suppliers about its sustainability guidelines, and to embed SD principles into Group procurement policy and guidelines (for example in relation to IT, staff uniforms, and paper/printing). In order to mitigate the risks posed by the potential for poor environmental or sustainability management by its supply chain, TTP engages closely with suppliers.
- Environmental Diagnostic Audits (EDAs) which are extensive environmental evaluations of key suppliers' operations, provide the foundation of an ongoing sustainability improvement and reporting strategy. This not only helps to facilitate TTP's and TUI UK & Ireland's carbon reduction strategy and commitment to sustainability but also assists the commercial relationship with suppliers since it can significantly reduce their costs, as well as positively benefiting the customer experience. The Audits involve a number of actions including pre-audit questionnaires followed by visits to key hotels (such as the 60 hotels in which over half of TUI UK customers stay) and the collection of baseline data, detailed performance observations and analysis of any inefficiencies in supplier properties e.g. poor insulation, energy intensive lighting or poor management. Improvement measures are extremely cost-effective: 49% of typical recommendations made have a payback period of less than one month; 19% 1-6 months and 13% 6-12 months. TUI UK & Ireland aims to conduct EDAs on an ongoing basis at strategically important hotel locations, e.g. where there are the largest passenger volumes. EDAs have been carried out with a number of supplier hotels and addenda added to contracts with accommodation suppliers (requiring subscription to the Travelife system) as well as airline suppliers and into IT procurement processes. TUI Central Europe has adopted Travelife as the audit system to rate its 'Environmental Champion' supplier programme, and TUI AG [TTP's Parent Co.] has invited its hotel chains to complete Travelife in order to attain an 'EcoResort' label. As part of First Choice's commitment to supporting suppliers, an environmental expert visited seven Holiday Village properties in 2007/08 to conduct in-depth environmental audits. The audits identified that improved environmental management – particularly of water and energy – could potentially deliver cost savings in excess of £1 million per year.
- TTP has distributed guidance to all destination offices & prepared minimum sustainability criteria for all excursions, & is appointing a Sustainable Development Destinations Manager. Using locally sourced food, beverages & products reduces emissions & provides customers with a more authentic & memorable local experience.
- TTP's goal is to ensure all suppliers in its destinations adhere to its supplier sustainability policies and have continuous improvement programmes in place. It aims to ensure that: suppliers adhere to contractual environmental and social standards; TUI Travel flagship hotel properties operate to exemplary sustainability standards; TUI Travel new-build flagship hotel properties are built to best practice sustainability guidelines for siting, design and construction; the improvement of supplier performance on sustainable development is supported and the proportion of sustainable products available to customers is increased.

TTP's goal is that all colleagues – especially those with direct responsibility for sustainability – will understand the basics of sustainable development, be internal and external ambassadors for TTP's activities, and have the capacity to play their part. TTP aims to achieve this goal by embedding sustainable development into existing learning & development and internal communications strategies at Group, sector and business level; developing and providing support for colleagues with direct responsibility for sustainable development; and developing and providing sustainable development training for specific Groupwide audiences (senior managers, future leaders and International Management Trainees). Training for colleagues such as the TTP initiated Horizons development programme incorporates training on SD issues. A Global Responsible Leadership programme is also being developed for senior leaders in all sectors.

To engage colleagues in the process, TTP carries out an annual SD Evaluation with colleagues, to assess and report on sustainability performance within our operating businesses across the Group by reference to key performance indicators. Questions relate to embedding of sustainability into business practice, carbon management, destinations, our colleagues and customers. To ensure the responses reflect the size of the businesses that respond, the results are weighted by employee numbers. The main objectives of the Evaluation include establishing baselines for KPIs, identifying priorities to develop Group-wide and Sector strategies, gathering information for reporting purposes and to identify examples of good practice and initiatives across the Group. In August 2008, TTP launched Leadership Voice, a survey of senior leaders to measure engagement among this important group of people, and how well they understand TTP's vision and values. This was then compared with the norms of other global and national senior management. The survey confirmed 94% of its leaders are proud to work for TTP. The Leadership Voice survey includes two questions relating to sustainable development, to engage leaders within the business to state how environmentally and socially responsible they considered TTP and their individual businesses to be. In 2009, 80% of leaders agreed that 'my business acts responsibly on environmental matters' and 83% of leaders agreed that 'my business acts responsibly in the local communities in which we operate'.

Colleague focus groups were conducted by TUI UK in May 10 to further enhance its reputation as an industry leader in sustainable tourism by increasing colleague engagement in sustainability, and inspiring colleagues to take action, in their role, for the future success of the company.

TTP's volunteering scheme, Project Discovery, offers UK colleagues hands on experience for 1-2 weeks, sharing skills on a sustainable tourism project overseas managed by the Travel Foundation. TTP also supports sustainable development initiatives through its Global Responsible Leadership programme (previously in Costa Rica and in 2010 in Thailand) and other schemes to highlight the importance of SD, encourage colleague involvement and develop leadership skills. TUI UK & Ireland also practically promotes sustainability through a lift share scheme and a cycle to work programme. It is hoped that encouraging and involving colleagues in SD initiatives at work will fire their imagination and enthusiasm to change their behaviour and make a difference at home to cut their carbon footprints.

Step 4

Do you encourage employees to reduce their carbon emissions at home and at work?

Yes

Step 5

Do you work in partnership with suppliers to reduce carbon emissions in the supply chain?

Yes

Step 6

Do you encourage your customers to take action on climate change?

Yes

Further Information You can use the text box and attachments field to provide information beyond that requested by the question.

Mayday

Attachments
