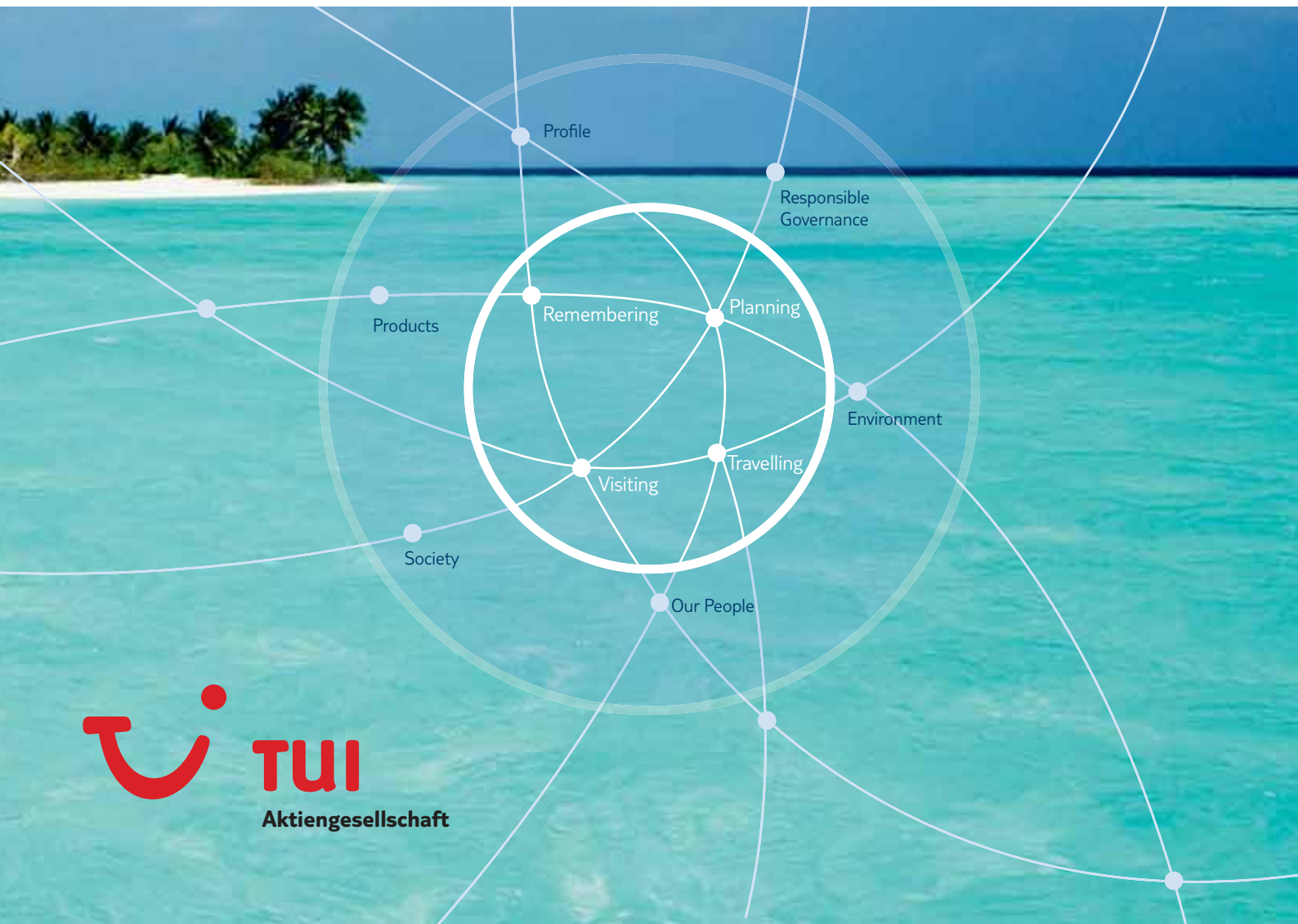


DESTINATION SUSTAINABILITY

Sustainable Development Report 2011/2012



LIVING GLOBAL RESPONSIBILITY

Satisfying our guests is our foremost priority. Our values set our course for achieving this goal. Quality, variety, innovation, sustainability and growth are firmly anchored in our entrepreneurial thinking and activity at TUI. They point the way in our quest to develop unmistakable products and to delight our customers.

For more detailed information,
please follow these icons:



Website



Report



Additional information

Our magazine was not enclosed with your report?
Please request your personal copy at
www.tui-sustainability.com

REPORT

This report will inform you of what we have achieved over the past two years.
In qualitative and quantitative terms.



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Tourism

Tour operators



Hotels



Cruises



TUI Travel is Europe's leading tour operator group. Our portfolio: holiday destinations in 180 countries. Some 30 million customers from over 27 countries entrust the best weeks of the year to TUI Travel's travel experts every year. TUI AG is majority shareholder of the company listed at the London Stock Exchange. TUI Travel's operations comprise four business lines: Mainstream, Accommodation & Destination, Specialist & Activity and Emerging Markets. The portfolio consists of a broad range of package tours all the way to special products such as yacht charter, expeditions and student trips.

€18m

**saved thanks to
environmental measures
(2008–2010)**



www.tuitravelplc.com

The hotel stay is a crucial part of the holiday experience and hence key to customer loyalty. With 248 hotels and over 157,000 beds, TUI Hotels & Resorts manages the hotel companies in the World of TUI and is Europe's largest holiday hotelier. TUI Hotels & Resorts comprises hotel brands with high levels of quality and service as well as high environmental standards. The brands cover a wide range of hotel concepts in world-class, popular locations and include such famous brands as ROBINSON, Riu, GrecoTel, Grupotel, Iberotel and DORFHOTEL. Most hotels in the portfolio are in the four- and five-star category.

49

EcoResorts in 2011



www.tui-group.com

More and more people are discovering the attraction of a holiday on the sea. For years, this segment has generated double-digit growth rates in the German-speaking area. TUI is a leading provider and intends to grow further. The Cruises Sector pools TUI's activities in the seven seas. Two strong brands serve different customer requirements. Hapag-Lloyd Kreuzfahrten stands for luxury and expedition cruises. TUI Cruises, established in 2008, offers premium cruises for the volume market. Both brands continue to expand their fleets and their operations.

10%

**reduction in specific CO₂
emissions (kg/100 pnm)^{*)}
by TUI Cruises' Mein Schiff 1
(from 2009/10 to 2010/11)**



www.hl-cruises.com, www.tuicruises.com

^{*)} Kilograms per passenger nautical mile

TUI Group in Figures

€m		2010/11	2009/10	Var. %
Turnover				
TUI Travel		16,867.0	15,754.8	+ 7.1
TUI Hotels & Resorts		362.6	353.2	+ 2.7
Cruises		200.8	178.7	+ 12.4
Group		17,480.3	16,350.1	+ 6.9
EBITDA				
TUI Travel		640.0	437.8	+ 46.2
TUI Hotels & Resorts		215.7	211.0	+ 2.2
Cruises		19.7	15.2	+ 29.6
Group		850.1	649.8	+ 30.8
Underlying EBITDA				
TUI Travel		718.4	711.4	+ 1.0
TUI Hotels & Resorts		234.9	212.6	+ 10.5
Cruises		19.7	16.0	+ 23.1
Group		923.5	904.9	+ 2.1
EBITA				
TUI Travel		321.4	101.6	+ 216.3
TUI Hotels & Resorts		144.2	137.2	+ 5.1
Cruises		11.2	6.8	+ 64.7
Group		444.5	215.5	+ 106.3
Underlying EBITA				
TUI Travel		500.1	484.6	+ 3.2
TUI Hotels & Resorts		145.3	148.0	- 1.8
Cruises		11.2	7.6	+ 47.4
Group		600.1	589.2	+ 1.8
Group earnings				
Net profit for the year		118.2	113.6	+ 4.0
Earnings per share	€	- 0.01	+ 0.30	n/a
Equity ratio	%	18.9	16.7	+ 2.2 ^{*)}
Capital expenditure		474.4	516.2	- 8.1
Employees				
Employees	30 Sep	73,707	71,398	+ 3.2
Proportion of female employees				
in salaried positions	%	70.0	69.2	+ 0.8 ^{*)}
in management positions	%	37.0	35.3	+ 1.7 ^{*)}
Training ratio of German TUI companies	%	5.4	5.3	+ 0.1 ^{*)}
Proportion of part-time employees	%	32.3	32.5	- 0.2 ^{*)}
Environment				
Energy consumption	TJ	99,815	94,963	+ 5.1
Specific CO₂ emissions				
TUI Airlines	kg/100 pkm	7.59	7.61	- 0.2
Cruises	kg/100 pnm	83.7	95.4	- 12.2
TUI Hotels & Resorts	kg/bednight	11.0	11.7	- 5.8

Differences may occur due to rounding

*) In percentage points

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Responsible Governance

TUI's understanding of sustainable development is to achieve a long-term permanent balance between economic, ecological, social and cultural requirements. We are committed to cooperation and open dialogue with all our stakeholders in anything we do. We are committed to responsible and transparent corporate management geared to the long-term success of the enterprise.

For the TUI Group, sustainability is a fundamental management principle and a cornerstone to continually increase the value of our company. In order to operate successfully in future, we have to understand social and ecological responsibility as one of the sources of holistic competence and anchor it as a driving force for value-added processes in our organisation. This is not mere lip service but rather a part of our corporate culture, which has grown from common convictions and is lived out day by day.

What drives us in this respect is not altruism, but the idea of intelligent entrepreneurial action which can also create social benefits. Based on this approach, our goal is to combine attractive products and services for our customers – with social care and ecological reason. This way, we can continue to combine value with values.

Strategy for sustainability

TUI's strategy for sustainability is based on a precise analysis of the key sustainability factors affecting our business areas and the resulting opportunities and risks. It requires a systemic, holistic perspective in order to understand and cater for interrelationships between these factors.

Any entrepreneurial activity at TUI is directly interrelated with its ecological and social environment. It can have a positive, neutral or negative impact on the original state of play. Successful sustainability management at TUI requires addressing all key sustainability factors and interactions so that we can continually improve our entrepreneurial sustainability performance.

The goal of TUI's sustainability strategy is to avoid and reduce negative impacts on our natural and social environment resulting from our business operations. At the same time, we strive to further increase our positive contributions to sustainable development environmentally and socially, both in the host countries and at our locations.

Our sustainability management hinges on observance of human rights, respect for values held by different cultures, fair competition and avoidance of corruption. The environment, culture, landscape and natural resources are not assets that we own ourselves, but rather valuable and above all limited. Intelligent use of these resources is part and parcel of our core business.

We aim to ensure that our tourism offerings in our destinations are not provided in isolation from the ecological and social framework in the country concerned. We understand ourselves as an integral element of a sustainable, networked economy reflecting the needs of the specific region. Creating decent working conditions locally, fostering an autonomous cultural dynamism and preserving natural habitats are key challenges that we embrace on the basis of partnership-driven approaches.

Our priorities

Environment

- Climate protection
- Preserving biodiversity
- Efficiency of resources
- Certification of environmental management systems

Employees

- Staff development
- Diversity in our corporate culture
- Work-life balance

Society

- Social commitment in the holiday destinations
- Supporting human and children's rights
- Fair working conditions

Product

- Sustainable product development
- Consumer information and safety

We consider our first and foremost task, primed by the various expectations of our stakeholders, to resolve actual and perceived conflicts between economic, ecological and social objectives in a manner that creates value. This applies both to our product and services portfolio and to our performance in our locations and tourism destinations all over the world. To come up with innovative solutions, we need motivated staff, good partnerships and a clear determination to shape our own future.

We continually develop themes around sustainability in our dialogue with stakeholders. Our goal is to optimise the transparency and openness of this dialogue in order to create a maximum of confidence and credibility for all parties involved. This gives us an opportunity to balance internal and external expectations and assessments and to derive valuable feedback for an alignment and adjustment of our corporate and sustainability strategy at the international, national and local levels.

Against the backdrop of globalisation and the associated recognition that many of today's challenges have to be assessed and evaluated together in the light of real situations – e.g. a specific space, time or culture – we expressly support the development of independent strategic sustainability priorities in our shareholdings, which operate globally – 90% of all shareholdings of the TUI Group have already formulated their own sustainability strategies.

Corporate Responsibility (CR) Council

TUI's sustainability strategy is implemented through TUI AG's CR Council and coordinated by the Environmental Management/Sustainable Development department. The heads of the Group functions HR, Strategy and Development, Investor Relations, Communications and Marketing, all represented on the CR Council, report to the Executive Board on relevant issues. Dr Peter Engelen, a member of TUI AG's Executive Board, is in charge of Sustainable Development within the company. Group functions and companies cooperate closely to implement our sustainability strategy to good effect and define it for the entire Group. The environmental and sustainability departments or coordinators are networked with TUI Travel, TUI Hotels & Resorts and Cruises.

The CR Council, the TUI AG sustainability department and the sustainability departments or coordinators of the business sectors mentioned above aim to promote the integration of the strategic goals and priorities of the sustainability strategy in business processes. The sustainability departments, in particular, identify trends and necessary action, support the technical departments in applying these tasks, measure progress and ensure internal and external transparency.

Apart from anchoring sustainability in our organisation, we consider it our key task to raise our employees' awareness of sustainable development and involve them in corresponding goals and measures.

Sustainability management



Dialogue with our stakeholders

Long-standing open dialogue with our stakeholders, founded on trust, has enabled us to understand the expectations and requirements of different stakeholders and integrate them early on. Against the backdrop of our corporate strategy, our goal is to secure our competitiveness in the long run, avoid risk and seize opportunities, promote the potential of our employees, intensify cooperation with public stakeholder groups and enhance the efficiency of the natural resources used at our locations and in our tourism destinations.

In order to develop our sustainability strategy further and determine specific action fields for sustainability, a stakeholder survey was again carried out in May 2011. Based on a stakeholder analysis, different stakeholder groups were chosen for the online survey. This analysis

included allocating the different groups to a "cooperation and risk potential matrix", enabling us to prioritise stakeholder groups and derive different engagement strategies.

TUI AG is the industry leader in the Dow Jones Sustainability Index 2011/12

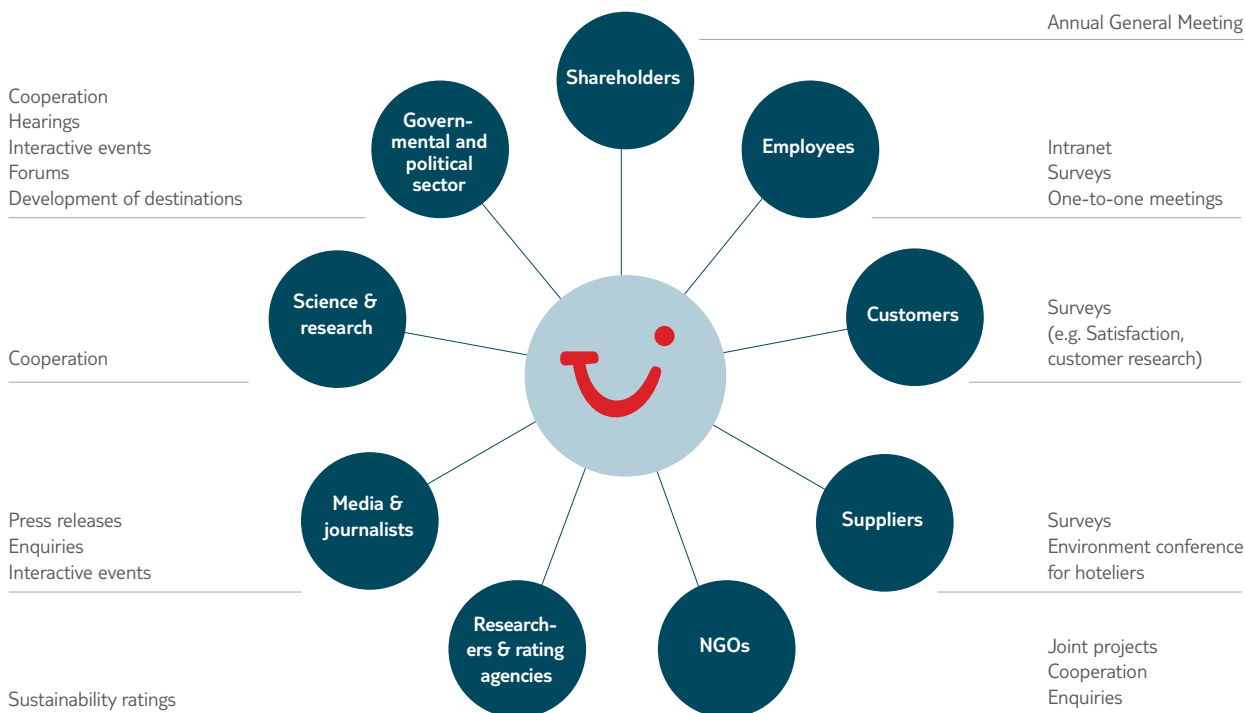
In the annual review of the ranking, TUI received top scores in the categories climate strategy, risk and crisis management, and stakeholder dialogue.

TUI AG is represented in other indexes:

- FTSE4Good
- Ethibel Excellence Index
- ECPI Index €uro
- DAX Global Sarasin Sustainability Germany



TUI stakeholder groups and selected means of interaction



Representatives of all stakeholders participated in the survey. They assessed the relevance of economic, ecological and social issues for TUI. The respondents also evaluated the intensity with which TUI already engages in these issues. The results show that "climate protection", "compliance management" and "safety and crisis management" are issues considered to be highly relevant for TUI. Other issues of high relevance are "protection of children from sexual abuse", "corporate governance", "engagement in the holiday destinations" and "landscape and buildings". Analysis

flagged up a close correlation between scores for different dimensions of sustainability: aspects considered to be highly relevant were also assessed as issues where TUI has demonstrated a vigorous response. In several areas, such as climate protection, relevance scored higher than response. We have recognised this issue and initiated measures to improve the situation.

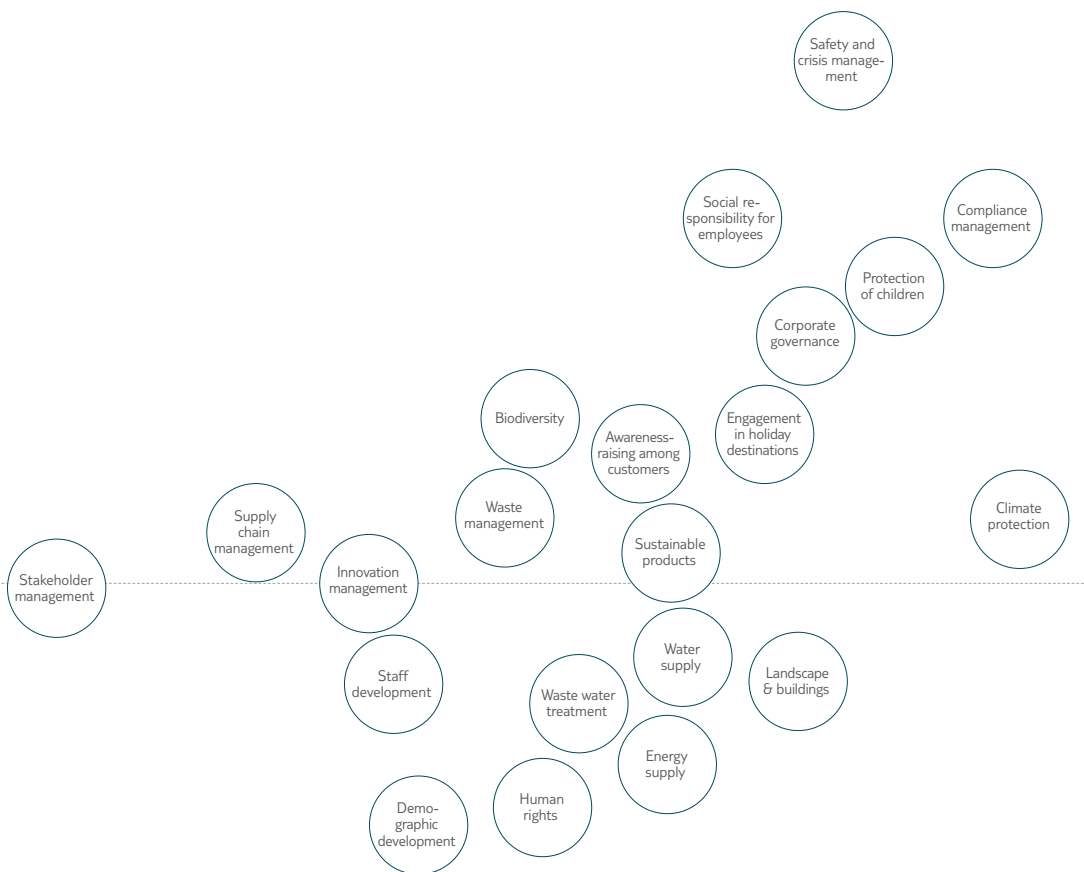
Materiality matrix



These improvements are based on a comparison of the aspects and the interests of the company. An internal analysis of issues based on mega-trends and the resulting future challenges identified clear priorities for TUI, which largely coincided with the issues identified by the stakeholders. On that basis, priorities for **climate protection** (→ see report, Climate protection, page 22), **staff development** (→ see report, Mixed Leadership project, page 47) and **innovation management** (→ see magazine, TUI Think Tank, page 8) were defined last year. We

actively exchanged with employees, external experts in the tourism sector, the academic community and market and trend analysts.

Mutual understanding of key issues is an important basis for our success and will continue to substantially shape the goals of entrepreneurial sustainability at TUI. In designing the current Sustainable Development Report, TUI has drawn upon the identified fields for action and re-prioritised key issues within the existing structure of the chapters.



Social media

The steadily growing popularity of social networks – or social media – is highly relevant for TUI. People “meet” at many different portals for private or technical issues. The TUI Group’s employees also increasingly use social networks in their private and professional activities. They thus – wittingly or not – act as company ambassadors. TUI AG sees the social media as an opportunity for open, respectful dialogue with all company stakeholders.

Code of Conduct and Compliance

Ethically exemplary, sustainable and value-oriented behaviour and activity is an indispensable part of the TUI corporate culture. This culture is driven by the TUI Code of Conduct, which has been published and is binding across the Group. It applies to everyone, i.e. the Executive Board, managers and all Group employees. The Code of Conduct embraces the fundamental values of the United Nations’ Global Compact. It comprises five key areas and addresses the issues of legality, social and environmental responsibility, openness, tolerance and encouragement for innovation. The Code of Conduct thus sets out guidelines to enable all employees to master the challenges arising in our everyday work ethically and legally.

Our Compliance unit is in charge of implementing and observing the Code of Conduct. For TUI, compliance management implies the systematic application of legislation, internal rules and voluntary commitments in all internal programmes, measures and processes within the company.

In order to achieve this goal, all Compliance measures and processes have been tailored to the specific needs in Tourism. As a result, a lean and yet effective Compliance structure was created which is taken for granted in the TUI world, and has committed to preventing non-observance of rules.

Compliance management is thus a centrepiece of our corporate governance.

So as to ensure clear communication, supported by training and more in-depth Compliance documents, the issue of Compliance is continually updated and expanded. All employees therefore have the competence and confidence of knowing how to act lawfully and in conformity with rules. In the 2010/11 financial year, therefore, the existing compliance rules were expanded to include a Group Policy, providing binding rules for dealing with gifts and benefits in business transactions. Here, too, a clear framework was created to take account of international customs. This reaffirms the commitment not to tolerate unfair practices, as enshrined in the Code of Conduct. The expansion of the Compliance rules was bolstered by reviewing applicable Group policies and checking them for any changes that may be required in the light of compliance aspects. Wherever optimisation requirements were identified, amendments were incorporated and then communicated. Moreover, the Group Compliance Policy establishes the goals and tasks of TUI’s Compliance Management System.

Compliance Management

TUI’s Compliance Management System brings together a variety of internal measures and processes in order to meet the increasingly complex expectations and requirements. To this end, a hazard analysis is regularly carried out to determine the contents of the internal Compliance Management System, which enables TUI to proceed in a risk-oriented and preventative manner and subsequently identify key Compliance issues. Preventative measures are constructed in line with the Compliance strategy to protect the TUI Group and its employees from risks by counteracting such risks in due time.



www.tui-group.com/en/company/compliance

TUI's Compliance strategy does not consider Compliance as an abstract system, but continually reviews and develops Compliance, i.e. the Compliance structures and the underlying Compliance regulations as well as the establishment of further communication and training measures to strengthen the preventative approach. This enables TUI to live up to its role as a global player in tourism in the field of Compliance management, too.

Compliance organisation

The task of the Compliance organisation is to communicate the values and regulations to the corporate organisation and work towards anchoring them in the corporate culture. The Compliance organisation is headed by the Executive Board member in charge of HR, Legal Affairs and Sustainable Development, Dr Peter Engelen, as Chief Compliance Officer. In the framework of the regular and extraordinary Compliance reporting introduced in our company, any progress, change or, wherever applicable, infringement within our company is reported to him. In his function as Chief Compliance Officer, he, in turn, will inform the Executive Board and Supervisory Board at the regular meetings.

Compliance plays a major role in the TUI Group, a global player with more than 73,000 employees from many different countries and cultures. In the period under review, the Compliance structure was further developed and expanded so as to include our Sectors. Many companies appointed additional Compliance officers, supported by the central Compliance Office. Their responsibilities include the following tasks:

- Raising awareness of compliance
- Achieving the targets of the Code of Conduct and the Compliance rules
- Implementing training schemes
- Advising managers and employees

- Securing the required exchange of information
- Providing regular reports

Compliance training

TUI's Compliance Management System hinges on Compliance training schemes since they raise the employees' awareness of legislation and internal rules and seek to create enthusiasm for the underlying ideas and values. A multi-level training approach has been devised so as to specifically address the individual target groups. Apart from face-to-face teaching and an e-learning programme, the "Compliance Compass" brochure was drawn up, enabling employees who do not have access to e-learning to improve their understanding of Compliance. Accordingly, all TUI employees from service staff to managers undergo training. Overall, this preventative approach is expected to establish competence in handling routine and conflict situations throughout the TUI Group. In the period under review, numerous training schemes were implemented, communicating the corporate values set out in the Code of Conduct. The Cruises Sector and several hotel brands, for instance, offered training programmes for their entire staff. Specific theme-centred training schemes were launched in some sectors.



Compliance Compass is available in nine languages

Whistleblower system

Another major Compliance component at TUI is to create transparency and communication across all corporate sectors and levels. As TUI's Code of Conduct constitutes the basis of our activities, any reported or recognised infringements of this code are rigorously investigated in the interests of all stakeholders and the company. Our top priority is to ensure confidentiality and handle information discreetly. Apart from reporting compliance infringements to supervisors or the compliance structure, employees can also report infringements anonymously via the in-house TUI SpeakUp Line, which operates worldwide. Since the 2010/11 financial year, whistleblowers have been able to submit their information over the phone or using a web-based option. Any incidents reported are analysed by an evaluation committee specifically set up for that purpose, and any necessary action is then taken. In business areas operating internationally, this includes the rigorous prosecution of misconduct in accordance with the relevant national provisions.

Cooperation and networks

Thanks to exchange and dialogue in networks and initiatives as well as cooperation schemes and partnerships, we have been able to draw upon the experience gained by other parties and on specialist expertise. This enables us to optimise our strategic approaches as well as specific measures and projects.

The joint approaches, progress achieved and results of this cooperation at international, national and local levels are included in the relevant sections of this Sustainable Development Report.

What sets apart TUI's Compliance Management System?

- Risk-adequate orientation
- Tailored to the needs of Tourism
- Integrative organisational approach
- Positive image among third parties

Our key memberships

econsense

Forum for Sustainable Development
of German Business



www.econsense.de/en

econsense – Forum for the Sustainable Development of German Business

econsense is an initiative launched by German industry in 2000, under which leading companies and organisations operating nationally and internationally have committed to a common vision. As a founding member of econsense, TUI AG has voluntarily committed to ecological, economic and social sustainability.



www.toinitiative.org

Tour Operators' Initiative

So as to spread and promote the idea of sustainable tourism development, TUI launched the Tour Operators' Initiative for Sustainable Tourism Development (TOI) in 2000, in cooperation with other tour operators and with the support of UNEP, UNESCO and the World Tourism Organization (UNWTO). All members of this worldwide initiative undertake a voluntary commitment to ecological, economic and social sustainability in the development of tourism.



www.futouris.org/en

Futouris

Futouris e.V., the sustainability initiative co-founded by several TUI companies in 2009, was opened to the entire sector under the patronage of the German Travel Industry Association (DRV). All tourism companies involved support projects in the fields of socio-cultural responsibility, climate and environment protection and biodiversity preservation.



www.business-and-biodiversity.de/en

Biodiversity in Good Company Initiative

In the period under review, the Biodiversity in Good Company Initiative, founded in 2008 under the aegis of the German Ministry for the Environment, was transferred to the private market and thus an autonomous legal form. In cooperation with the German agency for international cooperation (GIZ), the participating companies are seeking to integrate the private sector more closely in the global biodiversity goals of the Convention on Biological Diversity (CBD).



www.sustainability-leadership-forum.de

Sustainability Leadership Forum

Since 2004, TUI AG has engaged in the Sustainability Leadership Forum (SLF), an initiative run by the Centre for Sustainability Management CSM of Leuphana University of Lüneburg and B.A.U.M. e.V., the German campaign for environmentally aware management. The SLF understands its role as a working and discussion group of pioneers of sustainable corporate development.



The current declaration of compliance is available on the Internet at www.tui-group.com



More detailed information on corporate governance and the allocation of responsibilities to the Executive Board members is provided in the Annual Report.



Detailed information on risk management is available in the Risk Report in the Annual Report.

Corporate Governance

TUI has consistently based its corporate governance on the recommendations and suggestions of the German Corporate Governance Code.

TUI AG is a company under German law, which also forms the basis of the German Corporate Governance Code. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board in charge of managing the company and the Supervisory Board in charge of monitoring the company. TUI AG's Executive Board and Supervisory Board cooperate closely and in a spirit of trust in managing and overseeing the company, with strict separation between the two bodies in terms of their membership and competences. Both bodies are obliged to ensure the continued existence of the company and sustainable creation of added value in harmony with the principles of the social market economy.

TUI AG's Executive Board comprises four members. The Executive Board is responsible for managing the company's business operations in the interest of the company with a view to achieving sustainable added value. The allocation of duties and responsibilities to the individual board members is presented in a separate table.

Since February 2011, the Supervisory Board has consisted of 16 members. It advises and oversees the Executive Board in the management of the company. It is involved in strategic and planning decisions and all decisions of fundamental importance to the company. In accordance with the terms of reference, decisions taken by the Executive Board on major transactions such as the annual budget, major acquisitions or divestments require the approval of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its

meetings and represents the concerns of the body externally. He also chairs the Chairman's Committee and the Nomination Committee.

The Executive Board provides the Supervisory Board with comprehensive up-to-date information, at regular meetings and in writing, about the budget, the development of business and the situation of the Group, including risk management and compliance. An extraordinary Supervisory Board meeting may be convened if required when events of particular relevance occur. The Supervisory Board has adopted terms of reference governing its work. In the run-up to the Supervisory Board meetings, the representatives of shareholders and employees meet separately.

Risk management

Good corporate governance entails the responsible handling of commercial risks. The Executive Board of TUI AG and the management of the TUI Group use comprehensive general and company-specific reporting and monitoring systems to identify, assess and manage these risks. These systems are continually developed, adjusted to match changes in overall conditions and reviewed by the auditors. The Executive Board regularly informs the Supervisory Board about existing risks and changes to these risks. The Audit Committee deals in particular with monitoring the accounting process, including reporting, the effectiveness of the internal control and risk management systems and the internal auditing system, compliance and audit of the annual financial statements.

In terms of turnover, TUI is Europe's market leader in tourism, above all via its stake in TUI Travel. In order to seize market opportunities and leverage the potential for success, risk must be accepted to a reasonable degree. The purpose and goal of the risk management system is to identify risks of any kind early on, assess them and contain them so that the economic benefit outweighs the threats.

Sustainable Development Programme

For the first time, TUI's Sustainable Development Programme presents the key overall goals of the TUI Group. More detailed information on the individual targets set out in the Sustainability Report 2009/2010 and the status of target achievement is available on the Internet.



<http://report.tui-sustainability.com>

Sector	Target	Deadline
Responsible governance	Increasing the value of the company in the long term and securing its sustainability	
TUI AG	Auditing the TUI AG Sustainable Development Report 2013/2014 in accordance with GRI application level A+	2014
	Developing and systematising the stakeholder management system for the TUI Group	ongoing
	Intensifying stakeholder dialogue, cooperation schemes and partnerships on the basis of identified sustainability aspects	ongoing
	Seeking the commitment of contracting partners to a code of conduct for suppliers and introducing corresponding evaluation mechanisms	ongoing
Environment	Minimising our environmental footprint	
TUI AG	Continually expanding the ISO 14001 certifications of TUI shareholdings	ongoing
	Group-wide biodiversity check to identify relevant biodiversity factors and derive corresponding approaches for action	FY 2012/13
TUI Travel	Reducing CO ₂ emissions in aviation by 6% through fleet renewal programme (baseline: 2007/08)	FY 2013/14
	Saving 500,000 t of CO ₂ through 6 offsetting programmes	2013
TUI UK & Ireland	Implementing the 20 goals of the Holidays Forever Programme (www.holidaysforever.co.uk)	2014
TUI Deutschland	Increasing the number of hotels awarded the TUI Environmental Champion award by 10% (baseline: 2011)	FY 2011/12
	Obtaining an FSC label award for a TUI travel brochure	FY 2011/12
	Increasing the proportion of recyclable waste to 80%	FY 2011/12
	Reducing energy consumption per employee by 5% per day (baseline: FY 2010/11)	2014
	Reducing water consumption per employee (FTE) to 25 litres per day (baseline: FY 2010/11)	FY 2011/12
TUI Hotels & Resorts	Gradually increasing the commitment to nature conservation and biodiversity preservation	ongoing
	Gradually increasing the proportion of typical regional garden design/ taking account of endemic species in newly opened hotel complexes	ongoing
	Increasingly reflecting sustainable forestry, agriculture and fishing products in procurement	ongoing
	Reducing CO ₂ emissions per bednight by 3% (baseline: 2011)	2014
	Reducing CO ₂ emissions per bednight by 15% (baseline: 2011)	2020
aQi	Reducing total energy consumption (in absolute terms) by 5% (baseline: 2011)	2012
	Reducing heating energy per head by 5% (baseline: 2011)	2012
	Reducing the total waste volume (in absolute terms) by 5% (baseline: 2011)	2012
DORFHOTEL	Reducing absolute CO ₂ emissions by up to 30% (baseline: 2010/11)	2015
	Reducing CO ₂ emissions per bednight by 3% (baseline: 2011)	2015
Grecotel	Reducing energy consumption per bednight by 3% (baseline: 2011)	2015
	Reducing water consumption per bednight by 3% (baseline: 2011)	2015
Grupotel	Reducing energy consumption per bednight by 3% (baseline: 2011)	2012
	Reducing water consumption per bednight by 3% (baseline: 2011)	2012
	Increasing the recycling rate by 5% (baseline: 2011)	2012

Sector	Target	Deadline
Iberotel Europe	Reducing energy consumption per bednight by 10% (baseline: 2011)	2015
	Reducing CO ₂ emissions per bednight by 10% (baseline: 2011)	2015
	German hotels: Reducing absolute CO ₂ emissions by up to 35% (baseline: 2010/11)	2015
Iberotel Egypt	Reducing CO ₂ emissions per bednight by 15% (baseline: 2011)	2013
	Reducing energy consumption per bednight by 15% (baseline: 2011)	2014
	Green Star: Reducing energy consumption for light and air-conditioning by 20% (baseline: 2010)	2014
	Green Star: Reducing water consumption in rooms by 15% (baseline: 2010)	2014
	Green Star: Increasing the recycling rate/reducing residual waste volume	2014
Jaz Hotels & Resorts	Reducing energy consumption per bednight by 15% (baseline: 2011)	2014
	Reducing water consumption per bednight to the 2009/10 level	2014
	Green Star: Reducing energy consumption for light and air-conditioning by 20% (baseline: 2010)	2014
	Green Star: Reducing water consumption in rooms by 15% (baseline: 2010)	2014
	Green Star: Increasing the recycling rate/reducing the residual waste volume	2014
Sol Y Mar	Reducing energy consumption per bednight by 10% (baseline: 2011)	2014
	Reducing water consumption per bednight to the 2009/10 level	2014
	Green Star: Reducing energy consumption for light and air-conditioning by 20% (baseline: 2010)	2014
	Green Star: Reducing water consumption in the room by 15% (baseline: 2010)	2014
	Green Star: Increasing the recycling rate/reducing residual waste volume	2014
ROBINSON	Reducing CO ₂ emissions per bednight by 7% (baseline: 2011)	2014
Riu	Intensifying internal environment monitoring and reporting	ongoing
	Implementing further measures to optimise environmental performance	ongoing
Cruises	Continually reducing environmental impacts in Hapag-Lloyd Kreuzfahrten and TUI Cruises	ongoing
Our People	Promoting diversity, work/life balance and staff development	
TUI AG	Implementing the Employer Branding Project to win and retain skilled employees	ongoing
	Increasing the proportion of women in leadership positions, in particular in top management	ongoing
	Mixed Leadership: further developing the corporate culture	ongoing
	Mixed Leadership: devising and introducing flexible working models	ongoing
	Mixed Leadership: introducing a Group-wide talent management system	ongoing
	Mixed Leadership: introducing a mentoring programme for female junior (managerial) staff	2012
Society and product	Making positive contributions to sustainable development in host countries and at locations	
TUI AG	Developing a Group-wide management approach for social commitment	2013
	Formulating binding selection and evaluation criteria for society-centred projects	2013
TUI Hotels & Resorts	Gradually increasing the commitment to cultural and social projects	ongoing
Cruises	Gradually increasing the commitment to cultural and social projects	ongoing

ENVIRONMENT



Environment

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Environment

For TUI, environmental protection entails activities in three areas. The first area develops specific measures in order, for instance, to save energy, water and emissions, preserve biodiversity and reduce waste. The second area focuses on measuring the results – by our own experts but also external experts. The third area is completely different: its aim is to raise the awareness of partners along the value chain but also customers for environmental protection.

Climate strategy

According to experts' estimates, around 5%*) of global carbon emissions are attributable to tourism. Carbon emissions and their impact on climate change are thus one of the biggest global challenges for the tourism sector. TUI takes this circumstance very seriously as a global player. Our climate strategy is firmly anchored in the Group's Code of Conduct and aims to continually reduce the negative impact of our own business operations on the climate. The Group therefore engages in close dialogue with representatives of the scientific and political arenas in order to develop and implement effective measures.

In the next few years, global warming is expected to have further direct and indirect effects on tourism and will therefore also influence TUI's business operations. Consequently, the Group regularly establishes the risks and opportunities derived from climate change. In addition, climate protection aspects have been more strongly integrated in corporate processes due to the tighter legal framework, the incorporation of aviation in the European emissions trading scheme and the more intense analysis of companies' sustainability performance in the global financial markets.

TUI has devised a climate strategy focusing on the avoidance and reduction of greenhouse gases along the entire value chain. Using efficiency-enhancing technologies and conserving resources, TUI contributes to emissions reductions. In addition, adjustment measures are identified and implemented.

In the Group, five core working groups identify central targets and actions to avoid and reduce greenhouse gas emissions. The working groups operate in the fields of Airlines, Water Transport, Ground Transport, Administrative Buildings and Exclusive Hotels.

Environment action: certifications

Introducing environmental management systems based on an acknowledged standard, TUI's shareholdings systematically implement the processes and measures to improve our environmental performance.

Various certifications also enhance the transparency of targets, measures and our environmental performance. Moreover, TUI customers are increasingly aware of the environmental activities of hotels and airlines. Accordingly, certifications may provide TUI with a competitive edge.

*) Source: "Climate Change and Tourism – Responding to Global Challenges", UNWTO 2008

TUI climate strategy objectives

1. To integrate climate protection into our business processes effectively, we systematically analyse our commercial operations to determine their impact on the climate.
2. Relevant emissions are determined Group-wide, for all shareholdings. We have defined suitable indicators and update them continuously through dialogue both internally and with outside partners. The process of designing and interpreting these indicators is transparent and subject to external review.
3. The Group's Environmental Management/Sustainable Development department provides specialist support across the Group, working closely with those responsible in companies and units. A whole range of approaches have already been developed, with concrete examples of effective climate protection and further environmental measures all the way down the value chain. Binding quantitative and qualitative (reduction) targets have been defined for emission-intensive operations. Experience and best practice are exchanged and promoted across the Group.
4. The commitment to climate protection has been enshrined in the Code of Conduct of the TUI Group. This responsibility is communicated throughout the Group through staff training. We implement this responsibility by setting targets for action and quality which are then translated into practical measures across the Group.
5. Regular reviews of our progress and broad internal and external communication, e.g. in the Annual Report and Sustainable Development Report and on our website www.tui-sustainability.com, serve to provide critical analysis of our measures and help to build awareness and confidence among our guests, employees and partners.
6. We continually encourage the sensitivity of our partners throughout the value chain to issues of climate change, progressively involving them in our objectives.
7. We draw on the expertise of researchers and academics, government departments and NGOs. We build our competence through dialogue and exchange with cooperation partners and other stakeholders.

Due to its worldwide acceptance and applicability, TUI focuses on the environmental standard ISO 14001. Compliance with the standards and improvements in environmental performance are regularly reviewed by external experts. This also applies to the environmental management systems in the administrative offices of TUI AG, TUI Deutschland and TUI Dienstleistungsgesellschaft, successfully audited in October 2011. Further **labels and certifications** are presented → on page 58 of the report in the section on products.

ISO 14001 certifications TUI Hotels & Resorts

	2010/11	2009/10
ROBINSON	17	17
Iberotel	13	12
Grupotel	9	7
DORFHOTEL	5	5
Sol Y Mar	5	4
Greotel	3	3
Jaz Hotel & Resorts	3	3
Riu	1	-
Total	56	51

As at: September 2011

Carbon Disclosure Project

In 2011, TUI again took part in the Carbon Disclosure Project (CDP). The CDP collects data and information on carbon emissions, climate risks and opportunities, reduction targets and corporate strategies once a year. The project is supported by over 551 institutional investors with assets of more than US\$71 bn. The Group's carbon footprint and the strategic aspects of TUI AG's climate policy were described in the Carbon Disclosure Project and made available to international analysts and investors. This resulted in a good score: in the assessment of its climate reporting, TUI again finished in the German Carbon Disclosure Leadership Index this year, achieving ninth place. TUI AG also came out as a Sector Leader in the "Consumer" sector.



www.cdproject.net

Overall, 23% of the hotels in the TUI Hotels & Resorts portfolio were certified according to ISO 14001 in the 2010/11 financial year.

In July 2011, Thomson Airways was the first British airline to have its engineering sector successfully certified according to ISO 14001. By 2014, certification is to include all sectors of the airline. Thomson Airways will thus be the second airline in the TUI Group after TUIfly Nordic to receive ISO 14001 certification.

Climate protection measures

As an integrated tourism group, TUI has many opportunities to avoid and reduce carbon emissions along its entire value chain.

TUI Airlines

TUI Airlines have launched more than 30 measures to steadily enhance the efficiency of aircraft and cut emissions. They include on-going fleet renewal, regularly washing engines and mounting **winglets** (→ see magazine, "It all adds up...", page 13).

A further measure to cut fuel consumption and also carbon emissions is reducing the weight of the aircraft in the TUI fleet. This starts during aircraft design, when care is taken to ensure lightweight construction; however, the use of lightweight trolleys for food and drinks for example also helps to reduce aircraft weight and save jet fuel. A milestone worth mentioning is that TUIfly was the first airline in the world to receive the state-of-the-art Boeing Sky Interior for the Boeing 737-800. The new interior provides additional comfort features but also significantly reduces the noise level in the passenger compartment. In order to reduce the noise level for local residents living in the vicinity of airports, TUIfly works with airport noise protection commissions. One improvement not immediately apparent to customers are efficient carbon brakes, reducing the weight of an aircraft by around 350 kilograms. The aircraft newly launched in the 2010/11 financial year thus saved more than 130,000 kg of CO₂. Carbon brakes will also be used or retrofitted by the other TUI Airlines.

TUI actively participates in research projects to develop alternative jet fuels. From the Group's perspective, second-generation biofuels – where crop protection does not compete with food production – are particularly important. TUI Travel PLC is a member of SAFUG (Sustainable Aviation Fuel Users Group), an initiative of a large number of global airlines seeking to promote and expand the use of biofuels in aviation. TUI Travel is likewise a member of the Sustainable Aviation association in the UK, aiming to promote sustainability in the British aviation sector. The aireg (Aviation Initiative for Renewable Energy in Germany) initiative, established in Germany in the summer of 2011, brings together research institutions, airlines and biofuel producers to support the use of biofuels. TUIfly is one of the founding members of this initiative and chairs the "Fuel Utilization" working group.

More than

30

climate protection measures

The TUI Airlines Corsairfly, Thomson Airways and TUIfly are partners of the Clean Sky research project sponsored by the European Union. Within the CARING (Contribution of Airlines for the Reduction of Industry Nuisances and Gases) project module, the participating airlines are working with environmental researchers and technology manufacturers to develop a visualisation model for flight emissions.

In October 2011, Thomson Airways was the first British charter airline to complete a commercial test flight from Birmingham to Lanzarote on which half the fuel used for one of the engines was discarded cooking oil. As of 2012, Thomson Airways will regularly use this **biofuel** on this route (→ see magazine, "It all adds up...", page 13).

Following a resolution by the European Union, emissions from air traffic in Europe will be included in the Emissions Trading Scheme (EU ETS) as of 2012. The TUI Group's airlines meet the new legal requirements. In 2010, the first phase of the reporting obligation for airlines included in the emissions trading system was completed. TUI Airlines had to record their tonne kilometres flown and carbon emissions for the entire calendar year 2010. Subsequently, all data and reports from the TUI Airlines were audited and certified by auditors PwC. The airlines of the TUI Group were thus able to submit their complete and verified reports in due time to the competent national authorities. The consolidated data for all airlines was then submitted by the national authorities to the European Commission. At the end of September 2011, the European Commission determined the benchmarking factors, which form the basis for calculating the allocation of rights. Based on these certificates, the airlines are entitled to emit specific amounts of carbon. Airlines exceeding the emissions volumes allotted to them will have to purchase corresponding certificates in the stock markets. In this regard, the emissions reduction measures in TUI Airlines constitute a key lever for monitoring future developments.

Cruises

Soot, sulphur and nitrogen oxide emissions pose an urgent challenge for cruise ships. The plans for a new generation of ships are currently being developed. We therefore expect the "Dinosaur of the Year 2011" award by NABU (German Nature Conservation Union) to be the last one ever. As a member of the International Association of Antarctica Tour Operators (IAATO) and the Association of Arctic Expedition Cruise Operators (AECO), Hapag-Lloyd Kreuzfahrten and Quark Expeditions observe their environment guidelines on all Arctic and Antarctic voyages. In order to protect the sensitive polar waters, TUI's cruise ships use diesel rather than heavy oil and have been encouraged to give preference to diesel in other waters, too. Sensitising customers and crews and using efficient on-board technologies, the TUI Group is working to enhance the environmental compatibility of cruises.

For unavoidable emissions, Hapag-Lloyd Kreuzfahrten offers its customers the opportunity to offset carbon emissions from the cruise. A Climate Calculator has been devised with the aid of the German organisation atmosfair. It checks various parameters, e.g. the cabin category and the length of the on-board stay, and subsequently determines the climate footprint of the cruise.

Since the summer of 2011, the house boat specialist Le Boat has offered its customers environmentally friendly house boats with hybrid technology. The boats are driven by a low-carbon diesel engine and solar energy. Energy-saving LED lights are used on board, and the electronic toilet flushing systems have significantly reduced water consumption. Over the next few years, further hybrid boats will be included in the portfolio.



Hapag-Lloyd climate calculator
<http://www.hlkf.de/redwork/do.php?layoutid=100&node=334145&language=2>

TUI Hotels & Resorts

Climate protection is not only a major issue in air- and water-based travel, but also in TUI Hotels & Resorts. Since the beginning of 2012, German DORFHOTELS and Iberotels have offered their customers climate-friendly holidays. Thanks to many different measures to avoid and reduce emissions, the hotels have considerably reduced their carbon footprint. Unavoidable emissions are offset through certified climate protection projects run by cooperation partner myclimate. In this respect, the ROBINSON Club Fleesensee also deserves mention for having installed a combined heat and power plant that saves carbon emissions and costs.

TUI locations

TUI is leading by example: Since 2009, carbon emissions from unavoidable business trips in TUI AG are offset through the myclimate foundation. In the 2010/11 financial year, TUI AG thus placed a total of 308 tonnes of carbon dioxide carbon-neutral. Other shareholdings such as TUI Deutschland and TUIfly also offset emissions from business trips by air.

The TUI shareholdings also use energy from renewable sources and thus help cut indirect emissions. The power for around 750 locations of the German TUI Reisecenter travel shops, for instance, is supplied from NaturEnergie AG. Many locations and travel shops of TUI Nordic in Scandinavia and more than 200 travel agencies in the UK get their power from renewable

sources of energy. In order to evaluate their consumption and derive specific measures to comply with the Carbon Reduction Commitment legislation which has entered into force, 85% of TUI UK's Retail Estate (shops and super stores) has implemented Automatic Meter Readers – with positive results: improvements in energy management helped to cut emissions by Thomson and First Choice retail shops by 8% in 2009/10.

One future-oriented project was a field study on electromobility, supported by TUI at the head office in Hanover in 2011. A zero-emission Volkswagen Golf Blue-e-Motion was used for business trips to cover short distances. Thanks to its participation in this study, TUI was able to collect valuable data on sustainable mobility and electric drives.

Engaging customers

Motivating others to join in is another way to offset carbon emissions. Various companies of the TUI Group are offering their customers the opportunity to offset carbon emissions from a flight or an entire trip by making voluntary donations. The climate initiative run by tour operator TUI Deutschland enables customers to offset the emissions for their entire tour.

TUI UK & Ireland and the British specialist tour operators of TUI Travel offer their customers a chance to support global sustainability projects through the World Care Fund.

TUI Group

Carbon emissions (CO ₂)	Unit	2010/11 (Scope 1&2)	2009/10 (Scope 1&2)
TUI Travel	t	6,428,164	6,100,122
TUI Hotels & Resorts	t	374,423	421,091
Cruises	t	224,280	186,918
Other	t	2,575	10,676
Total	t	7,029,441	6,718,806

TUI Airlines

	Unit	2010/11 (Scope 1&2)	2009/10 (Scope 1&2)
Carbon dioxide (CO ₂) – absolute	t	5,467,814	5,260,500
Carbon dioxide (CO ₂) – specific	kg/100 pkm	7.59	7.61
Nitrogen oxide (NO _x) – absolute	t	34,749	35,367
Nitrogen oxide (NO _x) – specific	g/100 pkm	48.23	51.14
Carbon monoxide (CO) – absolute	t	1,639	1,604
Carbon monoxide (CO) – specific	g/100 pkm	2.28	2.32
Hydrocarbon (HC) – absolute	t	158	168
Hydrocarbon (HC) – specific	g/100 pkm	0.22	0.24

(pkm = passenger kilometre)

The donations are matched by TUI and put towards ecological and social projects launched by the Travel Foundation and the British organisation Carbon Neutral. To date, more than €10m has been raised for sustainability projects in this way.

In cooperation with Deutsche Bahn AG and the Association of German Transport Companies (VDV), TUI Deutschland has for many years offered clients a comprehensive service to help them on their way. Every package flight booking with TUI includes a Deutsche Bahn rail ticket to get people from home to the airport and back anywhere on the German network. They can also use any public transport in Germany's twelve big urban systems. This offers TUI clients a convenient, cheap and climate-friendly alternative to taking the car, and it is a way of avoiding more air miles by taking a domestic flight to the point of departure.

In presenting CO₂ emissions in the Group, both scope 1 and scope 2 emissions are taken into account. Scope 1 emissions are all direct emissions arising from the Group's own business operations, e.g. the burning of jet fuel by aircraft. Scope 2 denotes indirect CO₂ emissions from the generation of power, district heating or cooling.

In the 2010/11 financial year, total emissions by TUI rose by 4.6% year on year. Emissions by TUI Travel grew by 5.4%, primarily due to an increase in flight cycles in TUI Airlines. Due to the commissioning of Mein Schiff 2 by TUI Cruises, absolute emissions by Cruises grew by almost 20%. The decrease in emissions in TUI Hotels & Resorts of 11% year on year was attributable to the intra-Group sale of the Magic Life Group to TUI Travel PLC as well as efficiency measures and resource-saving schemes. The political and social upheaval in Egypt caused a decline in the Nile cruise business in the 2010/11 financial year, and thus a reduction in other carbon emissions by the TUI Group of 75% year on year.

Despite an increase in absolute emissions caused by business expansion, efficiency enhancements were achieved in terms of specific emissions. In order to improve comparability, absolute emissions are correlated with a suitable parameter. For TUI Airlines, this shows that specific emissions declined from 7.61 kilogram (kg) per 100 passenger kilometres (pkm) to 7.59 kg/100 pkm in the 2010/11 financial year. For other types of emissions, whose volume depends on the aircraft and engine type used, specific emissions also declined in the two previous financial years.

Donations of

€10_m

for climate protection projects

Cruises

	Unit	2010/11	2009/10
Carbon dioxide (CO ₂) – specific	kg/100 pnm	83.7	95.4

(pnm = passenger nautical mile)

Thanks to better route planning and high load factors, in particular on Mein Schiff 2, which was newly commissioned, specific CO₂ emis-

sions declined by 12.3% to 83.7 kilogram (kg) per 100 passenger nautical miles (pnm) year on year.

TUI Hotels & Resorts

	Unit	2010/11	2009/10
Carbon dioxide (CO ₂) – specific	kg/bednight	11.0	11.7

In the 2010/11 financial year, specific emissions by TUI Hotels & Resorts decreased by

almost 6% year on year. The decline was driven by the more efficient use of resources by hotels.

TUI AG

	Unit	2010/11	2009/10
Carbon dioxide (CO ₂) of TUI AG business air trips	t	308	287
Carbon dioxide (CO ₂) of TUI AG business air trips per employee	kg/employee	2,257	2,154

In the 2010/11 financial year, carbon emissions from TUI business trips by air rose both in absolute and relative terms per Full-time-equivalent (FTE). This increase was mainly

due to the expansion of the Group's business operations to markets such as Russia, China and India, which also entail longer air routes.

TUI Airlines

	Unit	30 Sep 2011	30 Sep 2010
Aircraft	Number	145	142
Average age	Years	9.8	10.2
Flight cycles	in '000	132.0	128.3

Due to the ongoing replacement of old with new, more efficient aircraft, the average fleet

age fell to 9.8 years. Moreover, the fleet grew by three additional aircraft.

Cruises

	Unit	30 Sep 2011	30 Sep 2010
Ships	Number	6	5
Average age	Years	16.0	15.4
Beds	Number	5,028	3,116

Due to the commissioning of Mein Schiff 2 by TUI Cruises, capacity rose to 5,028 beds in the Cruises Sector in the 2010/11 financial year.

TUI Hotels & Resorts

	Unit	30 Sep 2011	30 Sep 2010
Hotels	Number	248	261
Beds	Number	157,283	169,951

In the 2010/11 financial year, the number of hotels and the bed capacity in the portfolio held by TUI Hotels & Resorts decreased year on year. This was due to the intra-Group sale of the Magic Life Group to TUI Travel.

Resource efficiency

TUI’s resource management seeks to continually and consistently reduce the consumption of increasingly scarce resources and energy sources. Consumption and costs can be reduced in many areas.

Energy management

Consuming fossil fuels is a major contributory factor to climate change and costs. The efficient use of energy in TUI shareholdings is therefore extremely important. Renewable energies can make a substantial contribution.

The bulk of our energy is consumed in the operation of TUI Airlines. The airlines of the TUI Group have drawn up a list of over 30 measures: flight scheduling, flight operation and technology are areas in which significant energy savings are achieved. The programme includes improved processes and workflows,

e.g. in flight scheduling and more efficient flight operations due to adjusted departure and landing procedures.

TUI Hotels & Resorts rely on a variety of measures to promote energy efficiency. Hotels have master switches or contact-breakers in the guest rooms so that air-conditioning and lighting are not unnecessarily used. Other features to save energy include motion detectors in the hallways and public areas as well as light sensors for garden illuminations. Low-energy bulbs and LED technology are used on hotel premises and in guest rooms to cut energy consumption further.

Technical systems, e.g. heat recovery in cooling systems and the installation of combined heat and power generators, increase energy efficiency in the hotels. One hotel that deserves a special mention is Iberotel Sarigerme Park. It uses innovative variable refrigerant volume technology, which decentrally releases the desired heating and cooling energy where it is needed, unlike conventional water and air-cooling systems. Thanks to this technology, energy requirements, carbon emissions and energy costs have been significantly reduced.

1,500

megawatt hours
of solar energy

Numerous clubs and hotels in the portfolio of TUI Hotels & Resorts obtain energy from renewable sources. The ROBINSON Clubs in Spain and Portugal generate more than 1,500 megawatt hours of energy through their solar collectors and photovoltaic systems, generating up to 85% of the hot water consumed in the summer. The Greek ROBINSON Club Daidalos on Kos also uses photovoltaics to generate a large part of its power requirements. A particular "sun worshipper" is the ROBINSON Club Agadir: It uses a solar system with a total area of 900 m² to produce hot water and keep the pool complex warm. It thus operates Morocco's largest solar system for hotel facilities. In addition, many ROBINSON Clubs in Austria and Switzerland rely on energy generation from biomass. Since November 2010, the ROBINSON Club Alpenrose Zürs has been connected to the local heating network, which supplies 100% of its hot water and heating energy. Around 10,000 cubic metres of loose woodchips and bark, exclusively produced by the domestic sawmill and forestry industries, are incinerated every year. They substitute more than 1 million litres of oil every year, while ensuring a sustainable improvement in air quality and boosting the domestic economy.

Architecture can also help to increase energy efficiency. In the Blue Village Hotel Atlantica Aegean Park on Rhodes, modern building technology and design have reduced energy consumption to 7.5 kWh per guest and bed-night – more than 50% less than in comparable hotels. Efficient insulation of roofs, walls and windows, as well as air-conditioning based on cool mountain water, have also contributed to enhancing the environmental performance of the hotel.

Iberotel Fleesensee also seizes local opportunities, using seawater for efficient air-conditioning. As a result, it does not need a re-cooling system or harmful refrigerants. This approach also reduces the energy required and cuts carbon emissions. A solar system installed on the roof produces much of the energy required to generate hot water for the hotel.

To increase energy efficiency in its own hotels and contractual hotels, the tour operator TUI Deutschland founded the energy consultancy blueContec. Visits to the hotels serve to analyse the energy consumption levels of the past few years and identify energy-saving potential. Based on this evaluation, hoteliers can then implement targeted measures to cut energy consumption, emissions and costs.

In the Netherlands, the newly built head office of TUI Nederland meets the strictest environmental criteria: the BREEAM Excellent Standard.

TUI's cruise companies use ships featuring modern environmental technologies. In 2014, the TUI Cruises fleet will expand to include a newbuild. State-of-the-art environmental protection technologies were already taken into account in the planning phase for this vessel, in order to further improve fuel efficiency. Hapag-Lloyd Kreuzfahrten deploys efficient engines to reduce the environmental impact of fuels. Energy saving is also driven by adjustments to cruise speed and efficient route management.

As an owner and operator of real estate, TUI frequently faces questions about the key criterion for comparing different construction options: should projects focus on low acquisition costs or on low operating and life cycle costs?

In order to be better equipped to take decisions of that type, TUI is a member of the international CILECCTA consortium. The CILECCTA project aims to develop software to assess the sustainability of construction projects. Sponsored by the European Commission, it brings together 17 partners from seven European countries. TUI's contributions include the provision of data from a Spanish resort for software tests and optimisation.



www.cileccta.eu

Energy consumption (direct and indirect)

	Unit	2010/11	2009/10
Energy consumption TUI Travel ^{*)}	TJ	93,203	88,458
Of which energy consumption of TUI Airlines	TJ	80,174	76,898
Energy consumption Cruises	TJ	3,187	2,656
Energy consumption TUI Hotels & Resorts	TJ	3,398	3,749
Other	TJ	27	100
TUI Group	TJ	99,815	94,963

(TJ = Terajoule)

^{*)} Including the flight, hotel and cruise activities of TUI Travel PLC as well as administrative buildings and activities in the destinations

In the 2010/11 financial year, energy consumption by the TUI Group rose by 5.1% year on year. This was mainly due to the increase in

flight cycles by TUI Airlines and the resulting rise in jet fuel consumption as well as the commissioning of Mein Schiff 2 by TUI Cruises.

Specific fuel consumption

	Unit	2010/11	2009/10
TUI Airlines	l/100 pkm	3.00	3.00
Cruises	l/pnm	0.28	0.32

(pkm = passenger kilometre/pnm = passenger nautical mile)

The specific fuel consumption of TUI Airlines remained at a constantly low level in the 2010/11 financial year. The Cruises Sector recorded a decline in specific fuel consumption

of more than 12%. This decrease is the result of more efficient route planning and high load factors, in particular for the newly commissioned Mein Schiff 2.

Specific power consumption

	Unit	2010/11	2009/10
TUI Hotels & Resorts	kWh/bednight	17.2	18.7

In the 2010/11 financial year, the specific power consumption of TUI Hotels & Resorts declined by 8% to 17.2 kWh per bednight. This decrease reflects a more efficient use of electricity in the hotels and complexes.

Water

Water is one of the most precious resources in the world. In some countries, including many holiday destinations, demand for water exceeds natural reserves.

That is why TUI is committed to the thrifty use of drinking water. Numerous measures have been instituted, in particular in TUI Hotels & Resorts, to save water and continually cut water consumption per guest and bednight. Hotel guests are informed about ways to save water, e.g. requesting fresh towels rather than expecting them. Water-saving taps and shower heads, such as dual toilet flush systems, have become standard in most hotels.

In 2011, Thomson was the world's first tour operator to introduce Waterpebble. These flow meters in the hotel rooms of the Sensatori Tenerife Hotel sit in a shower's plughole and glow red when too much water is being used. They are given to hotel guests as a gift to take home after their holiday so that guests can use them at home and reduce their own water consumption.

Many hotels use typical endemic plants when planting their gardens as they are ideally adjusted to the environmental conditions and the local water situation. Drip irrigation at

non-sun-intensive times of the day helps save precious water. Riu hotels also use xeriscaping, which means that various factors such as climate, light and soil conditions are initially investigated to permit the right choice of suitable plants. Protective vegetal layers prevent soil dehydration and erosion, help to reduce the need for irrigation and make the gardens more attractive.

The cruise ships of Hapag-Lloyd Kreuzfahrten and TUI Cruises also make careful use of water. Seawater is purified, desalinated and processed so that it can subsequently be used as drinking water. Service water is also treated and used to flush toilets.

Specific water consumption

	Unit	2010/11	2009/10
Water consumption TUI Hotels & Resorts	l/bednight	475.6	493.5
Water consumption Cruises	l/bednight	409.5	338.3

In the 2010/11 financial year, water consumption by TUI Hotels & Resorts declined by 3.6% year on year thanks to water-saving measures. Exogenous factors such as irrigation in the destinations or climate change within the period under review also have to be taken into account. Unfortunately, water consumption for cruises increased for many different reasons which are difficult to demarcate. In future, greater attention will be devoted both to data collection and analysis in this area.

Waste

Controlled waste management aims to conserve resources, reduce environmental impacts and costs, and recycle waste within a closed loop. TUI Hotels & Resorts implement many measures to cut waste volumes. The focus is on sorting recyclable materials, increasing the reutilisation rate and disposing of unavoidable residual waste in a due and proper manner. However, this approach also

hinges on local waste disposal and treatment infrastructure in the destinations. TUI therefore engages in regular dialogue with the local organisations and governments concerned so that improvements in waste management can be achieved together.

The key measures to avoid waste in hotels are purchasing local produce and bulk quantities and a wider use of deposit containers. Grecotel has reduced disposable packaging by 80% in this way. More than 1.6 million glass bottles have been used since 1994. Riu hotels dispense with mini-portions at the buffet. That means over 295 million individual packages that the hotels did not use in a period of seven years, and more than 4,700 tonnes of plastic waste that was not generated. Under the motto "creative recycling", some ROBINSON Clubs have created artwork from waste, presented in their ateliers – naturally along with some good advice on waste avoidance.

1.6m

glass bottles
since 1994

TUI Hotels & Resorts located on the seashore regularly implement beach clean-up activities with their employees and guests. Plastic waste in the sea poses a particular hazard because it can be eaten by sea animals or will be finely ground over time and thus end up in the food chain.



A vacation with a difference: holidaymakers help to clean up beaches

Purchasing fruit and vegetables from local partners avoids unnecessarily long transportation and cuts down on packaging. For this reason, DORFHOTEL and other hotel restaurants are aligning to local specificities. Grecotels on Crete also buy fresh food locally: the island's Agreco Farm supplies organic fruit and vegetables to the hotels.



Sensible and delicious: fruit from the region

The TUI cruise ships have also introduced waste management systems. In accordance with the international provisions to keep the world's seas clean, all waste is separated on board and processed for recycling later on land. Around 55% of waste is disposed of on land, and the remainder is fed into efficient waste incineration plants.

At TUI Hotels & Resorts, the waste volume was held to the prior year's level of 1.4 kilograms per bednight.

Paper

In order to reduce the use of paper, TU is relying more and more on digital media and communication channels. Classical holiday brochures are increasingly complemented or replaced by online offerings. This reduces the amount of paper used to make brochures. To promote this trend, the design of brochures by TUI tour operators is reviewed on an ongoing basis. TUI UK & Ireland, for instance, reduced brochure paper in 2009/10 by 5%. In a further effort, to reduce paper TUI Ski switched to e-invoicing. As a result, the company saves costs of more than €100,000 annually.

TUIfly is one of the world's first airlines to use the electronic flight bag system. The new system makes flight preparation a lot easier for pilots since all relevant information for optimum flight implementation, e.g. weather data, approach charts and jet fuel calculation, are available digitally.

Specific waste volume

	Unit	2010/11	2009/10
Waste volume TUI Hotels & Resorts	kg/bednight	1.4	1.4

As a result, printed documents, manuals and maps are not required any longer. This measure also helps to reduce paper and administrative costs.

Biodiversity strategy

Tourism is more dependent than any other sector on a healthy natural environment. At the same time, our operations all the way along the tourism value chain have an impact on biodiversity in the site and in the host countries. The TUI Group has therefore set itself the strategic objective of “valorising” biological diversity on an enduring basis as the natural capital of the holiday destinations and the living foundation for tourism – today and for future generations.



“Valorising”

... in short means “protecting by using”. What may appear to be a contradiction in terms at first glance is a simple and effective principle upon closer investigation: TUI, for instance, uses the national parks in Kenya as tourist destinations. At the same time, local proceeds are used to protect them. The term “valorising” – co-established by TUI – has meanwhile not only been used by the tourism sector but also by NGOs.

TUI engages in environmental policy activities to promote the formation of opinion among decision-makers in the destinations in the spirit of “valorisation”. The Group implements pilot projects, cooperation schemes and its own activities to show that sustainable tourism development can make a valuable contribution to conserving biodiversity.

Hoping to systematically capture the impact of tourist activities on biodiversity in the holiday destinations, TUI carried out a biodiversity check in cooperation with the Global Nature Fund (GNF) in 2011. Based on the biodiversity

management manual of the Biodiversity in Good Company Initiative, all operational areas from management, purchasing, procurement, product design and mobility to marketing were reviewed for their impacts on biodiversity.

The results of this analysis are discussed step by step with the corresponding sectors in the TUI Group with a view to formulating a response. As a result, for example, biodiversity aspects are increasingly taken into account from the design phase of excursion products and low-carbon hotel facilities. The biodiversity check thus complements the annual monitoring of hotels, shareholdings and destinations carried out by TUI to capture sustainability factors along the entire value chain.

Within the European Business and Biodiversity Campaign, TUI participated in defining indicators for the qualitative and quantitative recording of biodiversity and its development in areas impacted by tourism. The indicators relate, for instance, to the scope of information measures and the evaluation of protection carried out by TUI companies in cooperation with partners. The set of indicators is to be expanded to include a spatial requirement for high-biodiversity zones in TUI Hotels & Resorts and the proportion of pro-biodiversity products in restaurants.



“Protecting the environment” – TUI has launched over 100 projects to promote biodiversity

TUI is now working to implement these indicators and launch systematic processes to record biodiversity impacts.

As a member of the evaluation committee of the European Charter for Sustainable Tourism in Protected Areas (EUROPARC), TUI continued its involvement in implementing standards for the sustainable use of European protected areas for tourism in 2010/11. Managers of protected areas, tourism providers and tour operators voluntary commit to developing and applying a common action programme to promote tourism development in conformity with sustainable management of natural resources.

Biodiversity preservation measures

Sensitisation of employees, guests and partners

TUI supports the United Nations' biodiversity campaigns to raise awareness among customers, employees, partners and the local population of responsible interaction with flora and fauna, at its locations and in the holiday destinations.



www.europarc.org



TUI biodiversity strategy objectives

1. To integrate biodiversity into our business processes effectively, we systematically continue to analyse our commercial operations to determine their impact on biodiversity.
2. In the wake of deriving our principal protection measures, we define suitable indicators and update them continuously through dialogue both internally and with outside partners.
3. The Group's Environmental Management/Sustainable Development department manages all activities in the field of biodiversity and reports directly to the Executive Board. A whole range of approaches have already been developed, with concrete examples of effective biodiversity protection projects and further environmental measures all the way down the value chain. Our focus will be on combining these initiatives, systematically processing the experiences derived and promoting best practice across the Group.
4. The commitment to preserve biodiversity has been enshrined in the Code of Conduct of the TUI Group. We implement this responsibility by setting targets for action and quality which are then translated into practical measures across the Group.
5. Regular reviews of our progress and broad internal and external communication, e.g. in the Annual Report and Sustainable Development Report and on our website www.tui-sustainability.com, serve to provide critical analysis of our measures and help to build awareness and confidence among our guests, employees and partners.
6. We continually encourage the sensitivity of our partners throughout the value chain to issues of biodiversity, progressively involving them in our objectives.
7. We draw on the expertise of researchers and academics, government departments and NGOs, and thus expand our competence.

International Year of Biodiversity

On the occasion of the International Year of Biodiversity 2010, TUI launched an information campaign to raise awareness of the role of biodiversity in the holiday regions and above all the global consequences of biodiversity loss.

In cooperation with the Federal Agency for Nature Conservation (BfN), the children's magazine "Kinatschu going on a holiday" was designed to introduce even the youngest TUI clients to "biodiversity on holiday". The magazine includes stories and interviews about protecting turtles and coral reefs, with ideas for games to play and things to make in the natural world and using natural resources. It was distributed on board the TUIfly airline, on TUI Cruises ships and in the German-speaking TUI children's clubs. The children's clubs also included biodiversity in their programme of activities, devising appropriate games, craft activities and knowledge tests for all age groups.

The souvenir guide "TUI's Little Guide to Preserving Species", developed together with the BfN, has also been available in English since 2010. The successful cooperation between TUI and BfN – "Biodiversity on holiday" – was chosen in 2011 as one of the "Landmarks" in the contest "Germany – Land of Ideas". This makes TUI one of 365 winners who receive this title every year under a joint initiative run by the German government and German industry. The award, whose patron is the German President, is given to projects and initiatives that illustrate Germany's innovative energy and sustainability.

DORFHOTEL and Iberotel also cooperated with the BfN, taking part in a nationwide day of hiking in Germany under the motto "Hiking together – experiencing Germany's diversity". The nature experience trips were supported by conservation groups and led the hikers on explorations around hotel premises on Sylt, in Boltenhagen and Fleesensee.



The children's magazine "Kinatschu" in operation



A winning entry

TAG DER ARTENVIELFALT

2010 ROBINSON CLUB CALA TAYENA

Liebe Gäste,
wie ihr vielleicht schon aus den Medien erfahren habt, wurde das Jahr 2010 durch die Vereinten Nationen zum "Internationalen Jahr der biologischen Vielfalt" erklärt. Damit sollen die Bedeutung der biologischen Vielfalt sowie die Folgen ihres Verlustes stärker in das politische und öffentliche Bewusstsein rücken.
Der Schutz der biologischen Vielfalt ist kein Luxus. Erhalten wir die Natur und ihre Artenvielfalt, sichern wir auch uns langfristig unsere Existenz- und Wirtschaftsgrundlagen.
Seit 20 Jahren engagiert sich die TUI für den Artenschutz in Urlaubsregionen. Mit den folgenden Aktionen möchten wir heute gemeinsam mit euch diesen besonderen Tag feiern.

Programm vom Samstag, 22.05.2010:

- 10:00 h **Radtour zur Cala Mondragó** (Informationen siehe Rückseite)
- 10:00-12:00 h **ROBY CLUB**
Minis (3-6 Jahre): "Entdecker"-Rallye durch den Club
Maxi Kids (6-13 Jahre): "Land Art" am Strand
- 11:00 h **Gartenwanderung mit Jessica und Oli** - Treffpunkt: Placa Major
- 14:30-15:15 h **Clean-up Aktion** - Treffpunkt: Placa Major
- 16:00h **Tiergeräusche JeKaMi** auf der Poolterrasse
- 16:00h **Bootstour mit Schnorcheln** (Informationen siehe Rückseite)
- 16:00-18:00 h **ROBY CLUB** - Malwettbewerb für Minis und Maxi Kids
- 19:30-21:00 h **ROBY CLUB** - Kinoabend mit dem Film „Findet Nemo“

Wir freuen uns über eine zahlreiche Teilnahme an den Aktionen und über euer Interesse.

Full steam ahead to promote biodiversity

Iberotel Sarigerme Park in Turkey used Biodiversity Day to organise an environmental conference where researchers and representatives of nature conservation organisations exchanged information about protecting the natural environment and biodiversity in the region. The conference agenda centred on strategies for protecting biodiversity in Turkish rivers and seas.

International Year of Forests and Year of the Bat

The year 2011 was declared the International "Year of Forests" by the United Nations. At the same time, the Convention on the Conservation of Migratory Species (CMS) devoted the year to protecting endangered bat populations. TUI supported both campaigns and linked the corresponding contents up as the measures to protect forests also serve to secure the habitat of endangered species.

The TUI children's clubs contributed numerous ideas for incorporating issues of forest and bat protection into the children's activity programme. More than 30 hotel complexes gave away TUI bat house kits, holding a special action day when guests had a chance to assemble these kits with assistance and hang them in the hotel grounds. A nice side effect is that bats contribute substantially to natural pest control.



In 2011, the TUI hotel brand DORFHOTEL offered its customers a theme-centred programme of action, including a nature quiz rally, a nature trail, tree-planting campaigns and guided evening hikes through the forest.

The "Forest Ranger Training" activity game was developed for the ROBINSON Clubs in Austria, Switzerland and Germany. Other activities run by the clubs to mark the Year of Forests were the installation of nesting boxes for endemic bird species, the creation of an "environment mile" with information boards for hotel guests out on rambles, and participation in the mountain forest project "Protection – Forest – People", enabling participants to experience mountain forests as a habitat and to help preserve protected forest with their voluntary work.



Different: feeling nature underfoot

8,000
trees planted

In southern Europe, ROBINSON supports reforestation projects as an active TEMA member. The Turkish foundation helps to combat soil erosion, promotes reforestation and the protection of natural habitats, and has launched the "10 billion oaks campaign". The ROBINSON Club Nobilis alone planted around 8,000 trees in 2011. In Portugal, the hotel brand supported the "Billion Tree Campaign – Growing Green" run by the United Nations Environment Programme (UNEP). Atlantica hotels organised tree planting and beach cleaning campaigns involving clients, employees and the local population.

Protection of maritime biodiversity

Sea turtles

Sea turtles are among the rare and endangered species. In the Dalaman region in Turkey, TUI AG has initiated the project "Travellers without boundaries". In cooperation with the sustainability initiative Futouris, measures to protect turtles are developed in conjunction with local cooperation partners and hoteliers. One of the goals is to explore exemplary solutions that can be implemented anywhere in the world. The practical focus in the region is on building an infrastructure that combines several protection measures. In future, for

instance, nesting areas and hatching zones will be marked and clients will be informed accordingly on the hotel beaches. The hotel managers and their employees are involved, and undergo training in project-related issues and beach management. Protection guidelines were formulated and adopted together with the MEDASSET nature conservation organisation, Pamukkale University and TUI's hotel partners in the region.

TUI also supports the Kaptan June Sea Turtle Conservation Foundation, founded by conservation activist June Haimoff in Dalyan in Turkey. The foundation works to protect sea turtles on Iztuzu beach and cooperates with the Dekamer Sea Turtle Rescue Centre. The centre is dedicated to the rehabilitation and subsequent release of sick and injured sea turtles. The "sea turtle hospital" can be visited by holidaymakers in the region, who gain important insights into the life of sea turtles. In 2011, TUI Nederland sponsored an additional rehabilitation basin as part of its Green Smiles Initiative for travel agencies. By selling environmentally friendly hotel products, the retail shops participating in the initiative collect bonus points which then benefit a pre-selected environmental project.



Practical sponsorship: a water basin for injured sea turtles



"Kaptan" June Haimoff, Annemieke Olijerhoek of TUI Nederland and Prof. Yakup Kaska, University of Pamukkale

The Cape Verde Islands are a particularly important habitat as a nesting place for loggerhead turtles and four other endangered turtle species. The Riu Hotels & Resorts therefore support protection measures by the non-governmental organisations SOS Tartarugas and Natura 2000 at their hotel sites. Key actions include strategies for non-intrusive lighting, raising guest awareness and nocturnal patrols along the beach to protect new clutches of eggs. Where necessary, the eggs are relocated to special protection zones.

Since 2005, ROBINSON has supported a project on Fuerteventura for the resettlement of sea turtles, offering free board and lodging to project participants.

Sea turtles are also protected in Greece: Grecotel has cooperated with the nature conservation organisation Archelon for many years. Hotels located close to the nesting beaches offer their guests nocturnal turtle watching excursions and lectures to familiarise the guests with turtle protection and turtle hatching.

Whales and dolphins

Whale-watching is one of the most fascinating experiences for many people. Whale-watching trips are therefore among the most popular excursions on Tenerife. In order to protect the whales, various sensitisation programmes have been implemented in recent years and many partners have defined and introduced standards for observation. Due to the large number of boat captains, these standards are not always implemented as they should be, and not all excursions are accompanied by appropriate experts. In 2010, this led to the Futouris industry project "Wa(h)lheimat", designed to ensure the ongoing sustainable application of behavioural rules for responsible whale-watching.

The East African Dolphin Connection (EADC), founded in Kenya in 2011, takes care of another marine species. The organisation pools and manages the activities of the 27 Dolphin Clubs formed in Kenyan schools in the Year of the Dolphin in cooperation with TUI's incoming agency Pollmans Tours & Safaris. The clubs make an important contribution to sensitising the local population and have achieved a significant increase in environmental awareness in many communities. TUI supports the project and has provided resources, including a "dolphin mobile" made available to the project coordinator in October 2011, to support the clubs, which are scattered around the country.

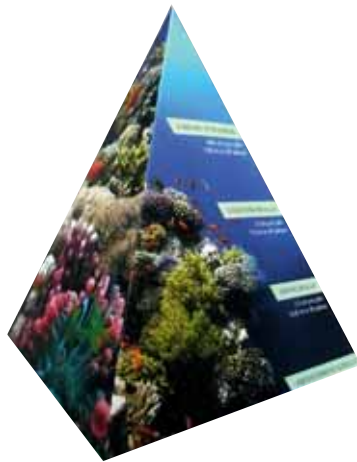


Together rather than "either/or"

Coral reefs

Coral are considered the rainforests of the sea for their enormous biodiversity. They are a particular attraction for divers. However, at the same time they are extremely sensitive habitats that can be irreversibly damaged by water pollution and inappropriate behaviour.

In Egypt, ROBINSON, Iberotel, Sol Y Mar and Jaz Hotels & Resorts therefore cooperate with the local nature conservation group HEPCA (Hurgada Environment Protection & Conservation Association) to preserve coral reefs. The hotel companies launch activities in their sphere of influence, raising the awareness of their guests and implementing protection measures such as marking reefs with buoys so that skippers do not anchor their boats in the reef areas.



The environmental pyramid of the ROBINSON Club Soma Bay: compared with the pace of coral growth, the construction of the pyramid was extremely speedy



Mohamed Nasheed (to the left), President of the Maldives, at the award ceremony in the Eco Centre

In the presence of the President of the Maldives, Mohamed Nasheed, the Eco Centre on the Maldives island of Kuramathi in the Rasdhoo atoll was awarded TUI's International Environmental Award, worth €10,000. The concept of the Kuramathi Eco Centre for bringing nature conservation and tourism into harmony is based on research, sustainable use of resources and awareness-raising – in cooperation with TUI and the local population. Several times a week, videos are shown to explain why coral reefs are important habitats. Demonstrations with microscopes enable participants to see worlds otherwise hidden from view. Guided snorkelling safaris introduce participants to the beauty of the reefs, but also to the dangers threatening the underwater world. A project is currently underway to produce a computer-animated short film for tourists featuring sustainable behaviour in coral reefs.

Serengeti Highway

In Tanzania, Kenya and Uganda, wildlife watching is offered on a daily basis and forms the basis for tourism and economic development in these countries. In 2010, a report about the planned construction of a Serengeti highway caused alarm at nature conservation organisations and in the tourism sector. They feared that this unique ecosystem was going to be cut in two parts, causing irreparable damage and ending the Great Migration. At the initiative of TUI and in coordination with the Frankfurter Zoological Society and the Bonn Convention, the German Travel Association (DRV) and the World Travel & Tourism Council (WTTC) therefore addressed the Tanzanian government, requesting implementation of an alternative route. Not least due to persistent protests by the international community and the prospect of losing UNESCO world heritage status, Tanzania decided, in the summer of 2011, not to launch the project and is now planning to build a southern bypass.

Animal welfare

Protecting animals in the holiday regions has for many years been a key component of TUI's activities to conserve nature and the environment. Activities include improving the welfare of animals in wildlife parks but also the living conditions of stray animals such as cats and dogs in the hotel complexes.

Zoos and aquariums

For many guests, wildlife parts and dolphinariums are among the main attractions at their holiday destinations. The issue of animals in captivity is a sensitive one for the guests as well as for TUI. Quality assurance in TUI's excursion portfolio is based on the "Group's Captive Animal Welfare Guidance". These animal welfare guidelines were developed in close coordination with nature conservation organisations in line with the provisions of

the International Union for Conservation of Nature (IUCN) and the Washington Convention on International Trade in Endangered Species (CITES), and they apply throughout the Group. In 2010, a review programme was launched to audit the major excursion venues for compliance with the animal welfare and species protection regulations. A total of 35 quality checks have been implemented to date. Suppliers not meeting the criteria are removed from TUI's programme for good or until they have undertaken improvements, as has already been the case in some Turkish dolphinariums.

As an active member of the ABTA Animal Welfare Committee of the UK Travel Association, and as a cooperation partner of Born Free, TUI Travel plc is working consistently to improve animal welfare.

35

quality checks
implemented



For cats: feeding places that offer a refuge

Stray animals

In cooperation with international and local animal welfare organisations such as ETN e.V. (European Animal Welfare and Nature Conservation), TUI supports measures to improve the living conditions of stray animals such as dogs and cats in hotel premises. Activities include guest information, providing feeding stations and donation boxes and regular castration campaigns to control the number of stray animals. Many TUI hotels such as ROBINSON, Magic Life and Iberotel have launched corresponding protection schemes for their hotel premises.

TUI Green Days

In 2011, the TUI Green Days were held for the seventh time in Hanover on the premises of TUI AG and TUI Deutschland. Under the motto "Year of the Forests", numerous organisations and companies exhibited their products and services, giving TUI employees the opportunity to find out more about environmental protection and sustainability. Apart from presenting environmentally friendly concepts, such as heating with timber and using electric bikes and e-cars, an exhibition by the Federal Agency for Nature Conservation (BfN) showed the benefits of forests and their role within the eco system.

In the framework of a Green Week, similar information and action days on sustainability were organised for TUI Group employees on a global level for the first time. TUI colleagues participated in tree planting campaigns or assisted in community projects.

OUR PEOPLE



Our People

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Our People

We not only want to attract the best talent to TUI, but above all to retain them as well. This is not difficult for the Group, as we are considered an attractive employer. However, competition for the best minds is doubtlessly increasing. TUI therefore carries out a multitude of activities in order to remain the employer of choice for young professionals and our own employees. They include measures to create a sound work-life balance for all TUI employees.

Management approach

The values of the TUI Spirit are “Customer Obsessed – Value Driven – Responsible Leadership – Playing to Win”. They characterise TUI’s everyday workplace activities. Our employees form the basis for the success of our Group. One of the goals of our Group is therefore to win and retain committed and successful employees. TUI aims to be an authentic and credible employer with a strong and diverse employer brand. Our health and safety activities, integrated in our operational activities, and our notable health and diversity management are implemented and driven by our own employees. As a result, we offer programmes and measures in line with their needs.

A further focus of our Human Resources Management is on long-term initial, ongoing and further training for our staff. Numerous training schemes are offered to strengthen their technical competences. Management training

programmes focus in particular on the TUI leadership philosophy and the corresponding principles. Sustainability plays a crucial role in this regard, as these measures and the strategic personnel projects are designed to qualify, motivate and retain TUI employees in the long term. Only if we manage to be an attractive employer will TUI be able to secure a leading position in the competitive arena.

Employee structure

In the 2010/11 financial year, the TUI Group’s headcount grew by 3.2% to 73,707. The increase was mainly attributable to TUI Travel and the Cruises Sector.

Changes in the headcount

At the balance sheet date, the TUI Group employed 73,707 people, up 3.2% year on year. As in the previous year, Tourism employed the largest proportion of personnel at 99.1%. Central Operations accounted for 0.9% of employees.

Employees by Sector

	30 Sep 2011	30 Sep 2010 adjusted	Var. %
Tourism	73,079	70,745	+ 3.3
TUI Travel	58,378	56,318	+ 3.7
TUI Hotels & Resorts	14,424	14,202	+ 1.6
Cruises	277	225	+ 23.1
Central Operations	628	653	- 3.8
Corporate Centre	202	181	+ 11.6
Other units	426	472	- 9.7
Group	73,707	71,398	+ 3.2

Tourism

At the end of the financial year, the headcount in Tourism totalled 73,079, up 3.3% year on year. The individual Sectors recorded different trends.

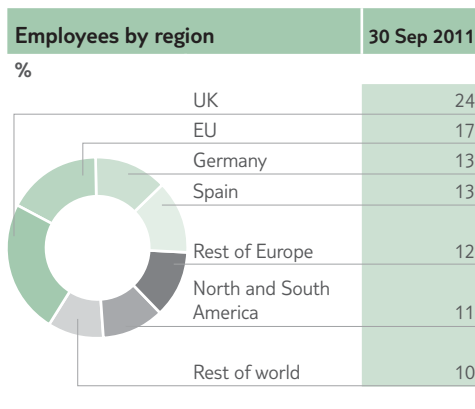
The headcount in TUI Travel grew by around 3.7% to 58,378 year on year. This increase was driven by the expansion of the Specialist & Activity Business and new acquisitions in the Accommodation & Destinations Business.

The headcount in TUI Hotels & Resorts rose by 1.6% year on year to 14,424. This headcount growth was mainly attributable to placing hotel facilities on full-year operation.

The Cruises Sector reported an increase in headcount of 23.1% to 277 due to the expansion in the Cruises Sector and the resulting newbuilds.

Central Operations

Central Operations recorded a year on year decline in headcount of 3.8% to 628. Due to the assumption of new functions and intensified activities to promote junior staff, the number of employees working for the Corporate Centre increased by 11.6% to 202. The remaining Central Operations entities posted a decline in headcount of 9.7% to 426.



International headcount

The number of employees working in Germany increased by 2.7% to 9,846. The Group’s headcount in Europe remained flat year on year at 58,476 or 79.3% of the overall headcount. Due to the rise in the number of employees working for Group companies in North and South America and the rest of the world, the proportion of staff working outside Europe increased by 19.6% to 15,231 or around 20.7% of the overall headcount. This increase was driven by new acquisitions, in particular in Australia and Asia.

TUI pursues an approach of local staff recruitment. Hotel companies and incoming agencies, in particular, give preference to recruiting local employees. We attach particular importance to recruiting local staff for senior and executive positions, too.

Employees by region

	30 Sep 2011	30 Sep 2010	Var. %
Germany	9,846	9,585	+ 2.7
UK	18,201	18,515	- 1.7
Spain	9,392	9,647	- 2.6
Rest of EU	12,398	12,133	+ 2.2
Rest of Europe	8,639	8,778	- 1.6
North and South America	8,149	6,850	+ 19.0
Rest of world	7,082	5,890	+ 20.2
Total	73,707	71,398	+ 3.2

Training ratio

in %	30 Sep 2011	30 Sep 2010	Var. %
Training ratio in German TUI companies	5.4	5.3	1.9

Junior staff development and training

In order to secure the company's success in the long term, TUI offers various training opportunities for young people. In Germany alone, there are traineeships for twelve different job profiles and two university sandwich courses. As at the 2011 balance sheet date, around 530 young employees were taking part in these training schemes. Around 56% of the trainees who finished their course in 2011 were taken on by the company. At 5.4%, the training ratio rose slightly on the previous year's level. The excellent quality of this training has been confirmed again with freshly qualified youngsters winning prizes from chambers of industry and commerce or even awards as the best trainee in their region.



Markus Kempen (top), director of the ROBINSON Club Agadir, and Moussa Moukalled, director of the hotel school, with trainees

ROBINSON Hotel School

In order to offer young people in a country characterised by high youth unemployment job opportunities, the ROBINSON Hotel School was established in the ROBINSON Club Agadir in Morocco, in 2008. The CFA (Centre de Formation par Apprentissage) training programme was created in cooperation with IHK (Rabat branch of the German Chamber of Industry and Commerce), GIZ (German agency for international cooperation) and the

Moroccan Ministry for Education. It is continually developed and offers young Moroccans the prospect of a future in the rapidly growing national tourism sector. Due to the strong interest expressed, the number of places has steadily increased. In the fourth year following the opening of the ROBINSON Hotel School, 85 candidates obtained one of the popular traineeships. ROBINSON Club Agadir sees the vocational training scheme at the ROBINSON Hotel School as a sustainable investment in Human Resources and an opportunity for young Moroccans which also contributes substantially to the development of the destination.

Traineeships at ROBINSON Club Turkey

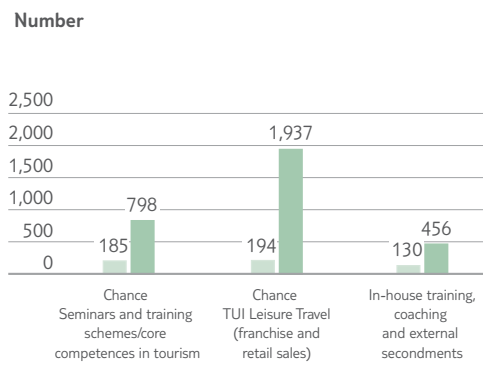
In order to secure qualified staff for the ROBINSON Clubs and the tourism sector in Turkey, the clubs in Turkey have offered a dual training programme in the hotel sector in cooperation with the Turkish Ministry for Education since March 2000, covering jobs in the areas of reception, restaurant, bar and kitchen.

In 2010, a cooperation scheme was launched with IHK Hanover. The aim of this cooperation programme is to offer young Turks or Germans with Turkish origins, who have completed their training according to Turkish law and the examination rules in force at ROBINSON Turkey, the opportunity to obtain partial certification by IHK Hanover so that their diplomas are accepted in two countries.

Development of senior and executive staff

The development of senior and executive staff in the TUI Group has to meet strict quality standards. TUI's HR development and training activities obtained certification under the German Further Training Recognition and Certification Ordinance (AZWV). This also reflects the Group's own high quality standards.

Training schemes and seminars in 2010/11



Overview of the training schemes and seminars implemented in Germany in financial year 2010/11 by TUI Consulting & Services GmbH as well as applications by participants

As our Group is an international player with business relationships in over 180 countries, the particular focus lay with intercultural training for different target countries, notably India and China as key future markets. Demand also rose for a modular project management course, designed to address the specific problems confronted in different societies.

Great importance is attached to identifying and developing executives within the TUI Group. To this end, management profiling was introduced as an innovative, meaningful HR diagnostic tool. The participants' personal behavioural patterns and success strategies are identified and integrated in a development plan geared to their particular talents and strengths.

In the 2010/11 financial year, TUI AG developed its existing staff appraisal systems in cooperation with employees, the works council and executives. As a result, a new management instrument was launched at the beginning of the new financial year 2011/12 for all TUI AG employees, regardless of whether they fall under a collective agreement. The new procedure focuses on an intensive dialogue between the manager and the employee. So-called work and leadership competences have been defined for all TUI AG functions and form the basis of the assessment. This new tool thus serves to provide an individual assessment of perform-

ance and target agreements and benefit the continuous learning and development process.

The People Performance Management (PPM) system used by TUI Deutschland is based on a standard competence model and all the modules have now been implemented: talent management, performance and target management, and 360° feedback.

One of the key objectives of the PPM is to promote talent and prepare those who display it to assume greater responsibility. To this end, a complete talent management programme has been implemented, bringing talented company members together in learning communities and projects where they can build their knowledge and skills. Learning conferences are held to encourage this joint exercise in learning among executives and promising new talent.

At the international level, the Global High Performance Leadership Programme was run for the first time. Besides this programme, offered for senior management, Horizons and the Horizons Master Classes are now well established in the Group as a programme for development and succession planning among senior executives. Another key element of leadership development is the Global Responsible Leadership Programme, aiming to promote the long-term development and social commitment of the participants.

Due to its success, the TUI Group's International Management Trainee Programme for university graduates will be further expanded, as a crucial element in the sustainable, efficient recruitment and development of junior management staff. The international programme, which includes five placements in different Group operations at home and abroad, takes 18 months to complete and offers participants a comprehensive overview of the tourism business. The international character of the Group is reflected in the make-up of the participants, who are from Russia, the UK, the Netherlands, Germany, France, Poland, Bulgaria, Italy and India. Even at the training stage, they are learning to network across borders.

Diversity

TUI places particular emphasis on diversity management, since appreciating individual diversity, in particular, has a direct influence on people's health and corporate culture. TUI offers its employees a wide range of programmes to support their vocational and personal development.

In the world of work, diversity denotes the heterogeneous composition of a company's workforce. Diversity may result from visible features such as gender or colour, but also from non-visible features, for instance cultural and social values. The Diversity Charter signed by TUI commits companies to maintain a corporate culture characterised by mutual respect and appreciation of each individual. For TUI as a global tourism company, diversity and globalisation are key to the success of the company.

Diversity is understood as an instrument of HR policy that also expresses the social responsibility of a group. It is implemented in the form of measures related to Origin (e.g. staff

competition "International cuisine", Open Door exchange programme for children of employees), Different Worlds (e.g. day of switching perspectives, coaching in reading skills) and Equal Participation (e.g. training young people with disabilities to prepare job applications, Mixed Leadership).

People with disabilities

Diversity also embraces people with "disabilities". Job advertisements at TUI therefore specifically encourage people with disabilities to submit an application. According to information provided on a voluntary basis, TUI employs around 200 people with severe disabilities in Germany.

Employing people with disabilities means living out one's social responsibility and offers the major benefit of a genuine win/win situation in which everybody benefits from the technical and social competence of the colleagues with disabilities and the diversity in living and working together. In this context, it goes without saying that workplaces have to be designed to permit easy use by people with disabilities and that breaks are structured accordingly.

Against this backdrop, TUI AG also wishes to sensitise people to "disability" issues, for example during annual training sessions in job application skills. Working with disabled trainees about to complete their vocational diploma at a special needs centre, who have not had the benefit of practical work experience, TUI HR employees provide detailed coaching in interview techniques.

In addition, the representatives of employees with severe disabilities from all over Germany are invited to a conference once a year to engage in an exchange of information.

TUI supports people with severe disabilities not able to work in the open labour market by outsourcing certain external services to sheltered workshops, e.g. file disposal, recycling of electrical devices and catering activities.



charta der vielfalt



TUI employees coach pupils with special educational needs at Maximilian Kolbe School in Hanover, in reading aloud

Mixed Leadership

“Women in management positions” is a controversial topic in political and economic debates. For TUI, too, it is a key element of our HR strategy. Balanced gender relationships at all levels is not only required to meet equal opportunities requirements, but above all to obtain key stimuli for successful corporate management.

From TUI's perspective, promoting women goes far beyond developing individual tools. It requires fundamental change, removing basic stereotypes, changing mindsets and creating new types and forms of cooperation.

This is the approach underlying the Mixed Leadership project. In the framework of a pilot initiative, the Group companies engage with the common aim of creating a modern, open corporate culture where men and women are equally able to pursue their professional and personal interests. Apart from ensuring equal opportunities and fair pay structures for the two genders, the purpose is above all to establish Mixed Leadership bodies as part of a progressive leadership culture.

Operational implementation will initially take place in four key areas. The aim of the corporate culture sub-project is to create the vital

framework required for modern leadership, from exchanges between management levels to a practical work-life balance. The workstream devoted to models of working time will seek to design and implement flexible working arrangements that extend beyond the current range of models on offer at TUI. The talent management workstream focuses on measures to ensure that corporate roles critical to company success can be filled without interruption in the long term and that Group-wide cooperation is improved. The talent management process is closely linked with the mentoring workstream, above all designed to motivate female junior (management) staff through an institutionalised programme and to support their careers consistently.

At the end of the financial year, women accounted for 70.0% (previous year 69.2%) of the total Group workforce in Germany. The proportion of women in senior management positions was 37.0% (previous year 35.3%). In the context of the Mixed Leadership project, a new definition of senior management was established and used in data collection for the first time to enhance international comparability. Our long-term aim is to further increase the proportion of women in management positions, in particular in top management.

Proportion of female employees

in %	30 Sep 2011	30 Sep 2010	Var. %
In salaried positions	70.0	69.2	1.2
In management positions	37.0	35.3	4.8

In March, at the Most Influential Women Awards, three TUI Travel employees were singled out by Women 1st as the most influential women in the Hospitality, Leisure, Travel and Tourism Industry.

Proportion of part-time employees

in %	30 Sep 2011	30 Sep 2010	Var. %
Proportion of part-time employees	32.3	32.5	- 0.2*)

*) In percentage points



If you have children, you need flexible working hours

At the same time, we offer a comprehensive framework of direct support measures, including discussing the return to work before a child is born; a chance to substitute for colleagues while on parental leave; part-time training for single parents; a company crèche – the Little World of TUI; summer holiday schemes for primary school children and an intranet-based childcare exchange system. In October 2011, TUI AG received the Total E-Quality award, not least for its exemplary family support scheme.

Work-life balance

There are many aspects to family life: raising children or close contact with loved ones. In order to enable people to combine various interests and duties, TUI offers general organisational assistance, including flexible working hours and a wide range of different part-time arrangements, which of course may also be used to realise other private goals. At the balance sheet date, around 32.3% of the overall workforce in Germany worked as part-timers (previous year 32.5%).



Health

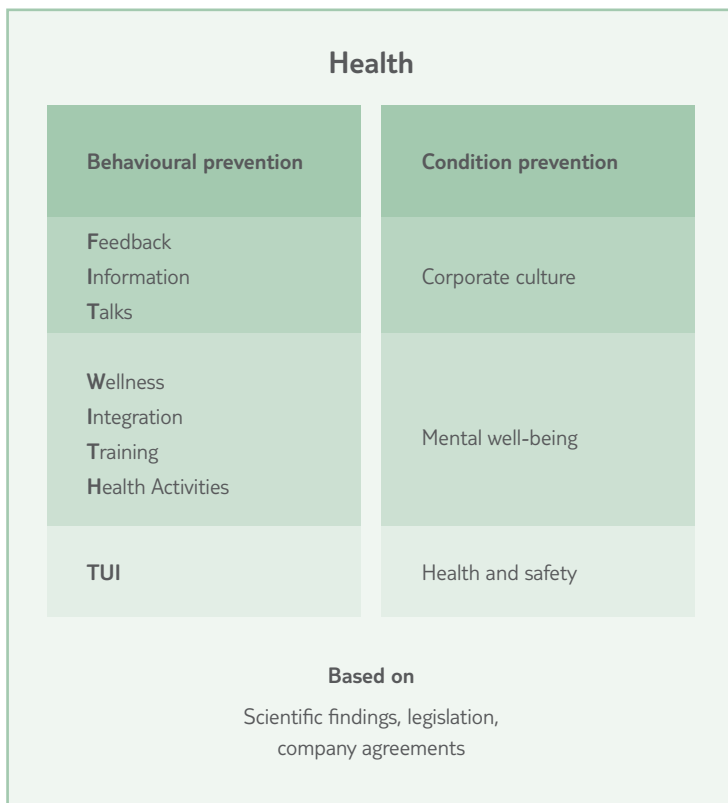
Health management

TUI AG operates a modern and innovative health management system which in 2011 featured again among the best in Corporate Health Awards and was rated in the Excellence Category. The Corporate Health Award is the leading quality initiative for company health management. The quality label for the Corporate Health Award is awarded by EuPD Research, Handelsblatt, TÜV Süd Life Service with the support of the health insurance fund Techniker Krankenkasse, under the aegis of the German Ministry for Labour and Social Affairs.

As an international tourism company, TUI employees encounter many different people and cultures every day. This diversity is also reflected in the Group's headcount. TUI has signed the Luxembourg Declaration, fostering active health and safety policies including autonomy for, and appreciation of, employees. Accordingly, the principles of this declaration have been anchored in the Group's health management.

TUI's health management system is based on two pillars.

One pillar is the prevention of unhealthy habits. It covers many aspects of company health promotion schemes. Under the motto "Fit with TUI", the programme has a high recognition value. Parallel to this, the concept of company health promotion is visible in a wide range of offerings, including measures underlining the significance of health and well-being at the workplace.



Employees are offered diet counselling and accompanying exercise schemes, e.g. training to prevent or treat back problems, or a chiropractor. They can also take part in annual campaigns such as flu vaccination or cancer screening. TUI also supports many company sports teams.

In the sphere of contextual action – fighting risks where they arise – the focus is on health and safety and mental well-being, but also corporate culture and corporate values, since these factors influence people's health.

Health and safety

The need to ensure safe workplaces is firmly anchored in German legislation and society. However, circumstances vary enormously, so that responsible workplace design has a completely different role to play in a production company compared with a tourism group. Nevertheless, health and safety at the workplace is a requirement in tourism, too. That is why experts working for TUI Dienstleistungsgesellschaft carry out health and safety assessments and activities (e.g. office visits, hazard assessments, interactive instructions) for the German TUI companies. TUI Dienstleistungsgesellschaft has been certified under ISO 18001 for its health and safety management. For the hotel companies and TUI Airlines, too, country-specific health and safety provisions represent a key element of their everyday activities. For the airlines, the focus is primarily on reducing risks in dock facilities and when using dangerous substances.

On board the Mein Schiff fleet of TUI Cruises and the fleet of Hapag-Lloyd Kreuzfahrten, health and safety plays a central role. On the basis of international agreements and regulations, the companies guarantee high standards for employees and crews on board the ships. The guidelines are based, inter alia, on the ISM Code (international standard for the safe management and operation of ships and for pollution prevention) as well as all the conventions of the International Labour Organization (ILO), such as the Maritime Labour Convention.

TUI Cruises and Hapag-Lloyd Kreuzfahrten have also committed to observing the SOLAS Convention (Safety of Life at Sea) and the STCW Convention (Convention on Standards of Training, Certification and Watchkeeping for Seafarers).

Employee suggestions help to continually improve and develop health and safety standards and corresponding policies. Internal information platforms are offered to enable employees to check relevant health and safety information any time and use it for training purposes.

Mental well-being

A healthy company also needs a healthy leadership culture. Central ideas and initiatives such as health coaching or conflict resolution dialogue by a competence team has a positive impact on our leadership culture and ensure well-balanced structures within our company.

Corporate culture and corporate values

Our corporate culture determines how TUI employees deal with one another. Against the backdrop of the Mixed Leadership project, in particular, a range of measures have been formulated to make TUI's corporate culture visible.

Company benefits

Employee shares

For many years now, TUI AG has enabled its employees to participate in our company's profits. The employee share scheme is open to employees and pensioners of German companies and employees in several other European countries. In 2011, the beneficiaries were offered the chance to subscribe to up to 250 shares at a reduced rate. TUI Travel PLC also offers UK staff an opportunity to participate in the company by buying shares at reduced prices. Under both schemes, share acquisition is heavily subsidised by the company.

Pension schemes

In the framework of the remuneration systems, the Group companies also offer their employees benefits under the company-based pension schemes funded by the employer. Apart from pension fund contracts and direct insurance schemes, private pension insurance funds ("Riester" pensions) and deferred compensation models are offered to enable employees to participate in private pension schemes and take advantage of fiscal and social security opportunities.

Part-time early retirement

In their HR and succession planning, the German Group companies also use the opportunities provided under the German Part-Time Early Retirement Act to shift gradually from employment to retirement. TUIfly, for instance, offers its employees an early retirement scheme to mitigate the severe strain resulting from changing working hours and shift work.

Strategic staff projects

Group-wide encouragement for staff ideas

TUI concluded a Group agreement in 2010 to promote idea management within the company. Its goal is to actively engage employees in shaping Group-wide workflows and developing the Group. Thanks to Group-wide internal marketing on the intranet and in the employee newsletter, numerous suggestions have been submitted since January 2011 and have already been implemented, resulting, for instance, in improvements in customer satisfaction. Ideas have also related to new products, process improvements, and cost and energy savings.

Employer branding

In the period under review, an inter-Group employer branding project was initiated in Germany. Its goal is to position TUI as an attractive employer in the long term, in an environment characterised by tighter competition for skilled

staff. The vision and brand model of TUI as an employer brand were sharpened with the help of our employees. Various staff marketing programmes, e.g. through social networks, will be implemented in the near future.

myTUI Career

The online application portal myTUI Career, introduced in Germany in January 2011, offers applicants the opportunity to submit online applications to TUI. It has significantly increased the efficiency of applicant selection and processing. It thus contributes to shorter response times for suitable applications and increases our chances of winning highly skilled specialists as Group employees.

Employee representation

As TUI AG is a German parent company, the co-determination structures in the Group are based on familiar legal provisions. Committees reflect operational structures: workplace, group of workplaces, national and international. In Germany, employee representation is expressed through our Supervisory Board (an elected body with a corresponding composition), a national works council for the Group as a whole, national works councils for the separate companies and local works councils. The members of the TUI European Forum represent employees from countries of the European Economic Area where TUI operates. Working in a spirit of social partnership between management and labour, these bodies are involved, on behalf of their employee constituency, in all major decision-making processes affecting their sphere of responsibility, from strategic resolutions to their workplace implementation. The Code of Conduct of TUI AG, derived from the principles of the UN Global Compact, expressly recognises and promotes the right of association and effective recognition of the right to collective bargaining.

SOCIETY



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TUI Foundation

Society

Tourism brings people and markets together and is one of the fastest-growing sectors in the world. As a global player, at home in many countries in the world, TUI is aware of our responsibility to society and considers it a key factor in the sustained success of our own enterprise.

Committed to human rights



TUI Group's Code of Conduct enshrines our respect for, and observance of, human rights: We respect the dignity, privacy and personal rights of every individual. We will not tolerate different treatment on grounds of nationality, gender, race, colour, disability, origins, religion, beliefs, age or sexual orientation, and nor will we tolerate child labour or indecent working conditions.

As an affiliate member of the United Nations World Tourism Organization (UNWTO), TUI has signed up to the UNWTO Global Code of Ethics. Mandated by the United Nations, UNWTO plays a pivotal role in promoting and developing tourism, which contributes to economic development, international understanding, peace, prosperity and universal respect for human rights and the basic liberties of all.

In the preamble to the Global Code of Ethics for Tourism, UNWTO makes particular reference to the following agreements:

- the Universal Declaration of Human Rights
- the International Covenant on Economic, Social and Cultural Rights
- the International Covenant on Civil and Political Rights
- conventions and recommendations adopted by the International Labour Organisation (ILO) on collective agreements, the prohibition of forced labour and child labour, protecting the rights of indigenous peoples, and equal treatment and non-discrimination in the workplace

The Global Code of Ethics for Tourism contains the following principles:

1. Tourism's contribution to mutual understanding and respect between peoples and societies
2. Tourism as a vehicle for individual and collective fulfilment
3. Tourism, a factor of sustainable development
4. Tourism, a user of humanity's cultural heritage and contributor to its enhancement
5. Tourism, a beneficial activity for host countries and communities
6. Obligations of stakeholders in tourism development
7. The right to tourism
8. Freedom of movement for tourists
9. Rights of workers and companies in the tourism industry
10. Implementation of the principles of the Global Code of Ethics for Tourism

Fighting poverty

Tourism frequently constitutes a key source of income for the destination countries, and industry is often a major partner for international development policy. Against this backdrop, a dynamic private sector can pave the way for economic growth and the fight against poverty. TUI assumes responsibility, in particular in the countries of North Africa, affected by social turmoil. The Group creates **employment** (→ see report, ROBINSON Hotel School, page 44) and actively involves **local partners in product design** (→ see report, Green Star Hotel, page 59). TUI has launched pilot projects in the destinations to ensure that the local population participates in the development of tourism.

New perspectives:

Training for girls in Brazil

Offering hope for a better future to girls in the north-east of Brazil is the objective of a project initiated in 2011 by TUI Nederland in cooperation with Plan Nederland and ECPAT Nederland. The key backbone is training for girls, who frequently end up as prostitutes due to severe poverty, high unemployment and a lack of prospects. Under this three-year project, training programmes are carried out for a total of 240 girls, enabling them to work in the tourism sector.

Strengthening the environment of children and young people also plays a major role. An information and education campaign on sexual abuse and violence shows them how to obtain help.

Protecting children (ECPAT)

We have a duty to protect children. For that reason, all major TUI tour operators have signed the "Child Protection Code" drawn up by the tourism sector in cooperation with ECPAT International (End Child Prostitution, Child Pornography & Trafficking of Children for Sexual Purposes).

ECPAT is an international organisation represented in around 70 countries, aiming to promote the rights of children all over the world. Apart from observing the Code in determining corporate principles and including the topic in staff training and provider contracts, customer sensitisation and cooperation with destinations also play a crucial role. In addition, a report on the implementation of child protection measures is submitted on an annual basis.

In order to raise the awareness of employees, an e-learning tool was developed by ECPAT with the support of TUI. Tour reps, retail shop staff and employees of the tour operator TUI Deutschland were actively encouraged to take part in the e-learning programme. In addition, a link was integrated on TUI Deutschland's website to sharpen public awareness of the issue.

Customer sensitisation takes place in many different ways. Apart from ads in TUI brochures and booking documents and an information sheet in hotel folders, the video "Don't look away" was shown on TUIfly's in-flight programme. A new edition of the flyer "Small souls, big risks" was published in 2011. The brochure was presented and distributed to TUI customers in many destinations including Thailand, Sri Lanka and Kenya during the information event. In autumn 2010, a new contact point had already been established at the Federal Bureau of Criminal Investigation – actively communicated by TUI – to offer guests, employees and the public the opportunity to report justifiably suspicious circumstances.



www.thecode.org



Watch and act – a campaign to protect children

The Sustainable Development Addendum for hotel contracts drawn up by TUI lists protection from child prostitution as part of the minimum social and ethical requirements. Signatory hotels undertake to ensure that children are protected on accommodation premises. Employees must be aware of the ECPAT Code of Conduct and be capable of acting appropriately. Suspicious behaviour must be reported to the local authorities.

TUI sponsorships and staff commitment



Every year since 1995, TUI employees at the Hanover site have supported a charitable project in the region. Officially recognised organisations, trusts and associations devoted primarily to helping children in distress are proposed by committed colleagues and selected in an internal ballot. To date, direct donations totalling around €500,000 have been collected in this way.



In 2010, the TUI sponsorship scheme supported the "KiD" (children in diagnostics) project run by the foundation "Ein Platz für Kinder" (A Place for Children). The diagnostics and therapy centre supports children

traumatised by violence and suspected of having been neglected or subjected to physical violence or sexual abuse. The aid organisation received donations of €44,000.

- In 2011, TUI supported Violetta e.V., the counselling initiative for sexually abused girls and young women. The goal of the association is to remove sexual violence against girls and young women from the taboo zone by informing the public and offering a contact point to those affected. Every week around 50 girls approach the free counselling organisation for assistance. Thanks to many campaigns and donations by TUI employees, they were able to hand over €37,700 to Violetta e.V.
- In 2012, employees will support Löwenzahn e.V., a centre for bereaved children and young people. The association offers assistance to children and young people aged 4 to 21 years who have lost a parent, brother, sister or close friend. Löwenzahn offers the children and young people a protected space to express their mourning and exchange with other children and young people.



Dr Peter Engelen, Executive Board of TUI AG, Johanna Stengel from the foundation "Ein Herz für Kinder", and Mario Köpers, Executive Director Corporate Communications, TUI Deutschland

Benefit events

Thanks to charity galas and fund-raising campaigns in TUI hotels and on board our cruise ships, more than €1.5m was collected for charity purposes in 2010 and 2011.

It is not only TUI employees in Hanover who help those in need. Staff at other company sites are also strongly committed, as the following examples show:

TUI Cruises sponsored the opening of another site for the Clean Winners in Hamburg in the Sportpark Öjendorf. The charitable organisation offers support to socially deprived children.



Clean winners: avoiding the "offside trap" with sport and commitment

TUI Travel has entered into a partnership with the Family Holiday Association. The organisation offers holidays to British families who cannot normally afford them. In 2010 and 2011, various activities such as fund-raising on board Thomson Airways aircraft generated donations of more than €800,000. For many years, TUIfly has been a partner of RTL Spendenmarathon (a 24-hour charity programme on German television). The airline crews collect money during in-flight activities for children in distress. In 2010 and 2011, more than €120,000 was donated.

Project Discovery, a cooperative effort between TUI UK and the Travel Foundation, enables TUI employees to work on sustainability projects in the destinations. Ten volunteers are selected each year to spend two weeks using their skills to work on local projects. In 2011, support was provided to aid projects in Greece and Turkey to protect endangered sea turtles.

In the "Seitenwechsel" (Switching Perspectives) project, employees spend a day immersed in a different occupation and walk of life, e.g. in a children's hospital or selling a street magazine. The TUI employees are then given the opportunity to publish a short report outlining their experience on the intranet.

Dialogue between young people: German-Russian youth parliament

TUI AG supported the German-Russian youth parliament held in Hanover in July 2011 by the German-Russian Youth Exchange Foundation. Forty young people from Russia and Germany drew up proposals to improve German-Russian understanding in cooperation with TUI tourism experts. At a plenary session of the Petersburg Dialogue, which was held in parallel, the participants presented their results to German Chancellor Angela Merkel and Russian President Dmitry Medvedev.



More detailed information on the activities of the TUI Foundation at www.tui-stiftung.de

TUI Foundation

The TUI Foundation was created in 2000 to mark the 75th anniversary of the company Preussag AG, now TUI AG. TUI's social and public commitments in the German state of Lower Saxony are carried out through the foundation. In the first ten years of its existence, the foundation sponsored 285 projects with a total volume of more than €3.6m.

In the period under review, the TUI Foundation sponsored more than 25 selected projects in the main target areas: science and research, education and training for children and young people, and culture and arts.

In science and research, the TUI Foundation has, for the last six years, been funding the supporting research for "Prävention durch frühe Förderung", a sure-start education project by the Criminological Research Institute of Lower Saxony. In the "Pro Kind" (Pro Child) pilot project, new forms of sure-start education designed to prevent criminal behaviour are being tested among children in high-risk families and assessed for effectiveness. The first results of the long-term pilot were presented in 2010. The project will be completed in 2012.

Another initiative in science and research was the Rudolf Schoen Award, presented for the twenty-third time in 2011 for the best scientific publication at Hanover's Medical University

(MHH). For the second time, the TUI Foundation supported the care network for severely ill children and young people at MHH, which hopes to significantly improve outpatient care for these children in Lower Saxony.

In its work with schools, the TUI Foundation sponsored a total of 15 projects in Lower Saxony. The focus was on providing vocational guidance to non-academic pupils at secondary schools and promoting cultural education. "Join the team – Sportler machen Schule", for example, is a training scheme provided with the help of the football club Hannover 96 to promote integration skills and offer vocational guidance for children at schools in social hotspots.

An award for children and youth projects in Hanover, "Gemeinsam in Hannover – Wir sind die Zukunft", was presented for the second time in 2010, after a prominent jury selected six winning projects.

In culture and arts, the focus was on cultural events in Hanover with strong artistic merit. The "U18" theatre for children and young people benefited from sponsorship at the "Theaterformen" festival. At the Herrenhausen art festival, the TUI Foundation sponsored "Akademie der Spiele", an artists' workshop programme for teenagers. The work of young choreographers was promoted through funding for the International Ballet Competition organised by the Hanover Ballet Society.



Join the team: the workshops for school students run by TUI AG and Hannover 96 focused on team spirit, cultural openness and vocational guidance

PRODUCTS



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Products

Consumers increasingly do not consider corporate ecological and social responsibility as a “nice to have” any longer. On the contrary, a sustainable product policy is becoming a crucial factor determining the reputation and assessment of companies and ultimately the choice of products in many sectors including tourism.

Customer expectations and product labelling

So as to establish how consumers assess TUI's sustainability performance, the Group carried out an international survey among holidaymakers in eight of the main markets in 2010, in cooperation with the Global Nature Fund (GNF). The outcome has shown that the criteria applied in consumers' purchasing decisions include the price, quality and attractiveness of the destination, but also sustainability aspects. In choosing a tour operator they trust, holidaymakers also expect the tour operator to take care in particular of nature conservation and the protection of natural resources. Fair working conditions also form one of the basic expectations held by customers.

However, from the customers' perspective, there is still room for improvement in presenting and describing the relevant offerings. TUI has incorporated the outcome of the survey in its sustainability-driven product development and offers differentiated product labelling to provide “sustainable” support for customers in taking their purchasing decisions.

Global Sustainable Tourism Criteria

The Global Sustainable Tourism Council (GSTC) was founded in 2007 by the United Nations Environment Programme (UNEP), the United Nations Foundation, the United Nations World Tourism Organization (UNWTO) and the Rainforest Alliance. The GSTC focuses on the Global Sustainable Tourism Criteria (also called GSTC), which lay down the key contents for sustainability in tourism. The goal is to compare existing awards and labels in tourism with the GSTC criteria and basically “accredit” them if the core criteria are met, as well as tap new markets for sustainable tourism. Overall, the purpose of these measures is to reinforce trust among consumers and avoid “greenwashing”. Since June 2011, TUI has been a member of the GSTC and has had a board mandate. A TUI Travel PLC director sits on the board.

TUI provides its guests with all relevant information on the products and services on offer in a transparent and appropriate manner. For quality assurance purposes, the TUI tour operators regularly carry out customer satisfaction surveys. Each year, more than 500,000 guest opinions are submitted to TUI Deutschland alone. The results of the assessment are presented, for instance, in TUI's brochures in order to provide customers with a better decision-making basis when booking their tour.



www.gstcouncil.org

Green Globe

The growing river cruise segment in TUI Deutschland has developed a sustainability concept for its portfolio. This concept includes offering carbon offsetting to its customers through myclimate and having two ships certified according to Green Globe. A new standard was specifically developed in cooperation with Green Globe for the certification of these ships in order to take account of the specific requirements and impacts of shipping. The certificate is awarded for a period of one year.

Travelife

Within the TUI Group, the internationally recognised quality label Travelife is primarily used to assess sustainable hotel management. The assessment system enables the participating hoteliers to check and optimise their sustainability management themselves as a first step. In order to obtain this quality label, the hotels have to set up an appropriate sustainability structure and implement measures that incorporate ecological and social aspects. In a further step, external auditors carry out audits to confirm compliance with the Travelife criteria. The hotels are granted a Gold, Silver or Bronze Award for a period of two years.

TUI Environment Champion

The most environmentally friendly hotels in TUI Deutschland's global portfolio receive the TUI Environment Champion award. The Travelife criteria form the basis for the award of the title. An additional measure of success is feedback from TUI's questionnaire for guests in response to the question "Are you satisfied with the measures taken by your hotel to protect the environment?" The two scores are included in the annual review and the award of prizes for the best hotels. In the framework of ISO 14001 certification for TUI Deutschland, the objectivity of the selection and scoring process is examined by an independent expert.

EcoResort

Today, the quality label EcoResort is one of the "flagships" in assessing sustainable development in holiday hotels. The quality label created by TUI Hotels & Resorts in cooperation with Sustainability Management at TUI AG requires certification in accordance with a recognised national or international environmental standard, such as ISO 14001 or EMAS, and receipt of the TUI Environment Champion award.

Verification by accredited external experts is required for the Group-owned hotel brands of TUI Hotels & Resorts to qualify for this label. Since May 2011, TUI Hotels & Resorts has provided transparent information on sustainability in its dealings with nature, the environment and society on the redesigned EcoResort website. The awarding of the EcoResort label is verified on an annual basis.

Austrian Environmental Label

The national Austrian Environmental Label is awarded to products, tourism operations and training and education institutes. The main criteria include resource- and environment-friendly management of the hotel operations. Special emphasis is placed on the use of organic, seasonal farming products and animal welfare. The environmental label is awarded by the Austrian Ministry for Food for a period of four years.

Green Star Hotel

TUI and its Egyptian partner Travco Group are two of the key partners of the Green Star Hotel Initiative, actively promoting the protection of resources in the Red Sea. The initiative is run in partnership with the German agency for international cooperation (GIZ), the Egyptian Ministry for Tourism and the German Ministry for Economic Cooperation and Development.



www.greenglobe.com



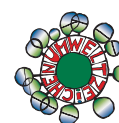
www.travelife.org



www.tui-ecohotel.de



www.ecoresort-tui.com



www.umweltzeichen.at



**Green Star
Hotel**



www.greenstarhotel.net

As part of this project, an environmental quality label was developed for Egyptian hotels in cooperation with hotel facilities in the El Gouna region. It is founded on international standards (Global Sustainable Tourism Criteria/ GSTC). The criteria for a Green Star hotel have been tailored to the extreme geographical and climatic conditions in Egypt. The Green Star hotel system focuses on practical applicability so that even smaller hotels are able to integrate environmental management into their operations.



www.tuigreen.com
www.tui-ecohotel.com



TourCert

As the first major German tour operator, Gebeco, TUI's specialist tour operator for adventure and experiential travel, received the sustainability label "CSR Tourism Certified" from the certification company TourCert. The certification is granted to tour operators that go beyond the legal requirements in their efforts to promote sustainability and corporate responsibility. TourCert checks and assesses in particular tour operators for sustainability in their entire corporate operations. It works on a non-profit basis to promote sustainability in tourism by providing external, credible reports and certification.



www.tourcert.org

Support for contractual partners

TUI does not only demand high environmental standards but actively supports its hotel partners in their search for **sustainable solutions** (→ see report, Resource efficiency, page 27). That is why TUI Travel published the Guidelines for Sustainability in Hotels in 2010. They set out guidelines and standards and also include practical examples and experiences of TUI hotel partners actively committed to sustainability.

TUI Nederland and TUI Deutschland offer their suppliers Internet portals in seven and three languages, respectively. Business partners can find out more about the Travelife certification standard on these websites and obtain assistance for the first few steps towards using the system.

Customer sensitisation

Even before departure, customers are informed about the environment and cultural particularities in their destination through the travel brochures of many tour operators of the TUI Group. In addition, TUI Deutschland has integrated a climate footprint for the flight to the respective destination in its brochures. In this respect, TUI customers find detailed information on sustainability issues on the Internet. Additional topical information on environmental and social issues is provided on the TUI Group's website at www.tui-group.com. Many of the Group's tour operators have also established corresponding sections on their websites. Moreover, the new social media such as Facebook and Twitter are increasingly used to raise the TUI customers' awareness of the issue of sustainability.



Biodiversity in a nutshell: TUI's Little Guide to Preserving Species tells TUI clients about souvenirs and endangered species

In the holiday destinations, our guests can discover more about nature, the environment and culture. To this end, several TUI tour operators offer information folders and brochures. In addition, TUI tour reps provide information at the welcome event, covering issues such as resource conservation all the way to souvenirs and endangered species. Moreover, the souvenir guide "TUI's Little Guide to Preserving Species" motivates guests to buy alternative, fair souvenirs that also sustainably promote the local economy.

Travelling with respect

Since 2010, TUI Deutschland has offered interested customers the opportunity to take a closer look at their holiday destination. To this end, it has launched a cooperation project with Studienkreis für Tourismus und

Entwicklung e.V. to compile the information. Guests travelling to Costa Rica and Greece receive Sympathie Magazin published by this study group, with comprehensive background information on society, politics, the economy and religion in the destination countries.

In cooperation with International Friends of Nature, an information campaign has been developed to sensitise guests for sustainable tourism. The brochure "Travelling with respect" comprises tips and information. All German customers using the booking platform www.tui.com automatically receive the electronic version of the brochure.



Information on climate-neutral DORFHOTELS and Iberotels is provided in the magazine on page 20.

Innovative product design

Sustainable excursion products focus on enabling tourists to experience their destination intensively. This experience gives TUI customers a more in-depth understanding of regional nature and the environment, culture and traditions, and the lifestyle of the local population. In cooperation with our partners, TUI works to design a broad portfolio of appropriate excursions, including the following examples:

- In 2011, TUI Deutschland extended its excursion portfolio to include Nordic Walking trips to the TUI Forest in Majorca. During a three-hour hike with professional guides, customers are told all about the flora and fauna and enjoy a typically Majorcan picnic in the TUI Forest nature reserve.



The TUI Forest is growing in the Parc natural de la Peninsula de Llevant nature reserve

- Sustainable excursion products also play a major role in TUI Hotels & Resorts. Grupotel, for example, offers a broad range of excursions and events for individual travellers and small groups under the motto "Grupotel Nature", bringing guests into closer contact with the authentic Majorca, its history and impressive natural world.

- The French TUI tour operator Nouvelles Frontières is continuing its successful programme "Nouvelles Rencontres" (New Encounters). More than 40 excursion products focus on encounters with the local population. These "new encounters" embrace the support of local projects in the communities in the holiday countries.
- In cooperation with the Global Nature Fund, a nature and culture trip to the mangroves in Sri Lanka was developed by TUI Deutschland and TUI AG. The excursion takes the participants to Lake Madampa in the tsunami-stricken Ambalangoda region. Our guests learn the methods of local fishermen and explore indigenous bird life.



Environment knowledge "on board"

- In October 2011, TUI Deutschland presented the new hotel brand Viverde. In developing the new hotel format, socio-demographic backgrounds but also the lifestyles and holiday needs of different target groups were scientifically analysed. The resulting hotel concept defines its target group as "active friends of nature", i.e. people wishing to live in harmony with nature and their family. Key components of the Viverde philosophy are strict environmental standards relating to food and accommodation, a healthy regional cuisine and a wellness zone for relaxation.



Castelfalfi Project in Tuscany

Sustainability aspects start to influence hotel projects launched by TUI in the planning phase. In June 2011, TUI obtained authorisation for the first construction phase of the Castelfalfi Resort in Tuscany. TUI will reconstruct farmhouses and build boutique hotels and cottages in the old village, currently largely dilapidated. We will thus preserve a unique cultural landscape and create around 250 jobs in the region.

Once the entire project is complete, the construction footprint will cover only 0.3% of the existing grounds.

According to current plans, 60% of the energy requirements of the resort are to be generated decentrally in a combined heat and power station fuelled by local biomass. Water requirements will be fully met from a village fountain, and the fresh water supply and waste water treatment system is based on biological water treatment and multiple use. Agriculture in Castelfalfi will be retained, and the vines in the 30-hectare vineyard will be processed on the estate. This also applies to the oil from the 9,000 olive trees, to be processed in the resort's own press. The environmental management of the resort will operate on the basis of the ISO 14001 standard and the more detailed environmental and sustainability criteria applied under TUI's own quality label EcoResort.

Eco-cotton in TUIfly Nordic

Since January 2011, TUIfly Nordic has exclusively used uniforms produced under the GOTS standard (Global Organic Textile Standard). This renowned standard for eco-fashion ensures the organic status of textiles along the entire production process on the basis of internationally recognised environmental and social criteria. Meanwhile, TUIfly Nordic has introduced the new blouses and shirts for more than 1,200 employees.

All-inclusive

The socio-economic impact of tourism on the destination countries is subject to controversial debates. This applies in particular to all-inclusive products. While the critics allege that a large part of the generated income is not retained in the destination and thus does not contribute to development, the proponents assume that mass tourism has valuable socio-economic effects and contributes strongly to local development.

A study by the Overseas Development Institute (ODI) and TUI Travel, taking as its example the 4-star all-inclusive hotel Holiday Village Turkey in Sarigerme, has shown that 55% of the income generated by the holiday tour is retained in Turkey – above all via the hotel operation, for instance the purchase of national food and the wages for the staff.

A study by the German agency for international cooperation (GIZ) into the socio-economic impact of the ROBINSON Club Nobilis in Belek, in Turkey, has shown that 77% of the money the hotel spends on food remains within the country. While food purchases primarily generate value added for the national economy, 75% of products and services in the non-food sector – for example, service contracts, laundry, hygiene products and the like – directly benefit the hotel's local environment. In total, around 80% of the hotel expenditure examined was retained in Turkey, including 27% spent on services and products in the immediate hotel surroundings.

Both studies have confirmed the high macro-economic significance of all-inclusive hotels. At the same time, however, some potential for improvement has been identified in the direct vicinity of the hotel. That is why TUI is working on concepts to reinforce the integration of local structures and communities. In the hotel Holiday Village Turkey, the local value added grew by €800,000 thanks to sourcing a higher proportion of local products and services and recruiting more Turkish staff, as analysis of the measure has shown.

Safety and crisis management

With the rising number of crises in the global environmental, political and social arenas, safety and crisis management is becoming increasingly important for tour operators. This is also reflected in a representative survey on holidaymakers' safety requirements, carried out by TUI Deutschland and TNS Emnid in the spring of 2011. Due to more frequent crisis situations perceived as more complex, customers increasingly expect that they will be taken care of and that the tour will be reliably implemented.

In 2011, TUI Deutschland completed the third certification of its crisis management by the auditors PwC, receiving the top score. This excellent result was driven by the implementation of various improvement measures, such as completion of a risk analysis.

Technical support for TUI's crisis management is provided by the alarm and crisis management service Fact24, which guarantees alerting the Crisis Staff and Emergency Care Team by phone as quickly as possible in the event of a crisis.

Apart from fundamental alert functions, TUI also uses other options offered by the system. The "case manager" function enables the Crisis Team to exchange news, documents and various media live via a protected online portal. A crisis logbook documents all events. In addition, relevant news can be captured via RSS feeds or social networks such as Twitter.

TUIfly Special Assistance Team

The key task of the TUIfly Special Assistance Team is to provide personal and telephone care for those affected by an incident and their relatives, be it on site, in the destination or departure airport or, if necessary, in other places. Staff volunteers from many different sectors within TUIfly take responsibility for this task and other functions. Their work requires participation in a basic training scheme lasting several days and recurrent refresher courses.

The airline has also joined the Mayday Foundation, which runs a global care network to support aircraft crews after critical and stressful incidents and accidents. The foundation is supported by experienced, specially trained pilots and crew members as well as psychologists. The SAT Alliance has been formed by several airlines, including TUIfly, airports and tour operators to offer a forum for exchange that can guarantee the best-possible support for victims and their relatives in the event of a crisis.

Hotel Safety Check

In 2011, the Iberotel Palm Garden on the Turkish Riviera was the first hotel run under the TUI Best Family concept to receive the "Safety Check" label awarded by TÜV Rheinland. TÜV awarded this independent certificate to the family-friendly hotel for observing more than 250 safety aspects, relating in particular to family areas such as the pool, the water slide, the restaurant, the children's club, the playground, the sports facilities and the stage. In order to guarantee a maximum of safety, the facilities are checked on a daily basis for visible defects. TÜV Rheinland trained TUI Best Family staff to carry out these checks as "Safety Guides".

OTHER INFORMATION



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Assurance Statement

concerning an independent review of the Sustainable Development Report 2011/2012 of TUI AG



We have reviewed the TUI AG Sustainable Development Report (hereinafter: the report) for the reporting period from 1 October 2009 until 31 September 2011 to verify compliance with the Sustainability reporting Guidelines Vol. 3 issued by the Global Reporting Initiative (GRI).

Management responsibility

The Executive Board of TUI AG is responsible for the preparation of the report in compliance with the reporting principles listed in the GRI Sustainability reporting Guidelines (pages 7 to 17).

The management is also responsible for the design, implementation and maintenance of systems and processes for the preparation of a report that is free from material misstatements, in accordance with the above criteria and based on suitable methods for gathering data.

Our responsibility

The review of the report was systematically implemented and documented with a view to achieving a limited level of assurance with regard to compliance with the GRI Guidelines. Accordingly, the purpose of this review is to preclude with a limited level of assurance that the report is not in accordance, in material respects, with the criteria of the Sustainability Reporting Guidelines (pages 7 to 17). The scope of the review activities is therefore less extensive than an audit, which is aimed at achieving reasonable assurance.

The activities performed within the scope of our engagement mainly involved the following work:

- Inquiries of employees in the central Group Environmental Management/Sustainable Development department responsible for preparation of the report concerning the process used to draw up the report
- Inquiries of employees from the departments responsible for Compliance, stake-

holder management, HR management and indicators, health management and health and safety, sustainable product development, sustainability within the Group, sustainability and environmental indicators, TUI Foundation and TUI sponsorships as well as strategy and projects on climate protection and biodiversity protection

- Inspection of internal evidence on a sample basis to check operational workflows and their presentation in the report
- Review and inspection of documents on a sample basis relating to the systems and processes to collect, analyse, validate and aggregate the environmental indicators from TUI AG's sectors including the shareholdings TUI Travel, TUI Hotels & Resorts and Cruises as well as plausibility checks
- Review of the report with regard to the suitability of the sustainability factors as well as a coherent and balanced presentation of sustainability performance

Our conclusion

Based on our review to achieve a limited level of assurance, nothing has come to our attention that would cause us to believe that the information in the Sustainable Development Report 2011/2012 of TUI AG is not presented fairly, in material respects, in accordance with the criteria mentioned in the GRI Sustainability Reporting Guidelines Vol. 3 (p. 7 to 17).

Additional comments – recommendations

Without qualifying the conclusion of our review as presented above, we recommend for the further development of sustainability management and reporting the following:

- We recommend to consistently continue the integration of the comprehensive sustainability strategy across all sub-groups and service companies

- We recommend to continue regular stakeholder surveys and derive methods for improvement on a regular basis. In this context, we welcome the first complete integration of the sustainability programme for the shareholdings in the Sustainable Development Report
- When calculating emissions, TUI AG and the shareholding TUI Travel partly use different conversion factors. We recommend to continue the Group-wide efforts to apply uniform factors

Munich, 19 December 2011

Arqum GmbH
Gesellschaft für Arbeitssicherheits-, Qualitäts-
und Umweltmanagement mbH



Karoline Dick

About this report

TUI AG publishes its Sustainable Development Report biannually. The present report provides information on activities and measures for the 2009/10 and 2010/11 financial years. In 2009, the financial year was changed from the calendar year to a reporting period from 1 October of any one year to 30 September of the subsequent year. The presentation of the indicators has therefore been restated in this report to reflect the new financial year of TUI AG. The report covers the shareholdings in which TUI AG indirectly or directly holds a majority stake (financial control) or which are completely managed by TUI AG (operational control).

All shareholdings use an internal reporting system to provide an Annual Report on their sustainability activities and measures and their consumption values. The quantitative

information is consolidated at Group level and aggregated into relevant indicators. These indicators serve as strategic and operational parameters to systematically improve the TUI Group's sustainability performance.

Where certain indicators do not relate to the entire TUI Group, the corresponding sub-areas are explicitly named, e.g. the TUI Sectors TUI Travel, Cruises and TUI Hotels & Resorts. Unlike prior reports, the reporting is therefore based on Sectors rather than disclosures about emission-intensive operations.

Following a plausibility check, the consumption values are analysed and aggregated. The calculation is based on internationally recognised conversion factors, the applicability of which is continually checked. To this end, we follow the public and scientific debates. In order to enhance comparability, environmental indicators are presented in absolute and relative terms on a year on year basis.

Determining the emissions from aviation is based on information provided by the International Civil Aviation Organization (ICAO) and takes account of aircraft-specific parameters such as aircraft and engine type. Carbon emissions and other greenhouse gas emissions are determined from actual aircraft fuel consumption and other operational parameters related to aviation. In cruises, we determine the emissions from actual fuel consumption. For our hotel operations, emissions are calculated on the basis of the following emissions sources: power, heating oil, heating gas, district heating, propane and fuel for vehicles operated at the hotel sites. The specific indicators include a comparator, e.g. passenger kilometre, passenger nautical mile or bednight.

In order to improve our environmental performance, the hotel brands in TUI Hotels & Resorts and the two cruise companies Hapag-Lloyd Kreuzfahrten and TUI Cruises carry out annual assessments involving comparative values. This enables the companies to compare their environmental performance internally or externally with other companies in order to identify savings potentials and derive efficiency enhancement measures.

GRI Index

“Destination Sustainability”, TUI AG’s Sustainable Development Report 2011/2012, complies with the current Global Reporting Initiative (G3) Guidelines and was additionally reviewed by Arqum. It meets the GRI Application Level B+. This was confirmed by the Global Reporting Initiative review.

The following index lists all GRI Indicators and their current status, i.e. the extent to which TUI AG reflects these indicators in its sustainability reporting. Apart from the contents of this report, additional information can be found in the latest Annual Report from TUI AG and on the Group website.

Status

- Full report
- Partial report
- No report/not applicable

Indicators

- EN1 core indicator
- EN5 additional indicator

References

- MAG magazine
- REP report
- AR Annual Report (www.tui-group.com/en/ir/financial-reports)
- p. page

	GRI Indicator	Status	Reference	Comment
Profile				
1	Strategy and analysis			
1.1	Statement from Chief Executive Officer	<input checked="" type="radio"/>	MAG, p. 2	
1.2	Description of key impacts, risks and opportunities of sustainability	<input checked="" type="radio"/>	REP, p. 2/3, 9–11 AR, p. 64–77	
2	Organisational profile			
2.1	Name of the organisation	<input checked="" type="radio"/>	Title	
2.2	Primary brands, products and services	<input checked="" type="radio"/>	REP, p. 2/3, 58–63 http://www.tui-group.com/en/company/sectors AR, folding page 2 and inside front cover 2, p. 52–57	
2.3	Organisational structure and main divisions	<input checked="" type="radio"/>	AR, p. 52–57, 242–257 http://www.tui-group.com/en/company/corporate_structure , http://www.tui-group.com/en/company/sectors	
2.4	Location of organisation’s headquarters	<input checked="" type="radio"/>	REP, p. 76/77	
2.5	Countries of business activities	<input checked="" type="radio"/>	AR, p. 52–57, 80/81 http://www.tui-group.com/en/company/sectors	
2.6	Ownership and legal structure	<input checked="" type="radio"/>	AR, p. 44 MAG, p. 29	
2.7	Markets served	<input checked="" type="radio"/>	AR, folding page 2 and inside front cover 2, p. 52–57	
2.8	Scale of organisation	<input checked="" type="radio"/>	REP, p. 4, AR, folding page 1	
2.9	Significant changes regarding size, structure or ownership	<input checked="" type="radio"/>	REP, p. 67, AR p. 52	
2.10	Awards received in the reporting period	<input checked="" type="radio"/>	REP, p. 48, MAG, p. 9, AR, p. 64 TUI Travel “Towards a sustainable future”, p. 5	
3	Report parameters			
3.1	Reporting period	<input checked="" type="radio"/>	REP, p. 67	
3.2	Date of previous report	<input checked="" type="radio"/>	REP, p. 67	
3.3	Reporting cycle	<input checked="" type="radio"/>	REP, p. 67	
3.4	Contact point regarding the report	<input checked="" type="radio"/>	REP, p. 76/77	
3.5	Process for defining report content	<input checked="" type="radio"/>	REP, p. 9–12, 67	
3.6	Boundary of the report	<input checked="" type="radio"/>	REP, p. 67	
3.7	Limitations on the scope	<input checked="" type="radio"/>	REP, p. 67	

	GRI Indicator	Status	Reference	Comment
3.8	Joint ventures and subsidiaries	●	REP, p. 67	
3.9	Data measurement techniques and bases of calculation	●	REP, p. 66/67	
3.10	Effects of re-statements of information	●	REP, p. 66/67	
3.11	Changes from previous reporting periods	●	REP, p. 67	
3.12	GRI Content Index	●	REP, p. 68–73	
3.13	External assurance for the report	●	REP, p. 66	
4	Governance, commitments and engagement			
4.1	Governance structure of the organisation	●	REP, p. 8, 16 AR, p. 19–39	
4.2	Explanation whether the chair of the highest governance body is also an executive officer	●	REP, p. 16	In accordance with German legislation, there is strict separation between the tasks of the CEO and those of the Chair of the Supervisory Board.
4.3	Independent members of the highest governance body	●	–	Not applicable
4.4	Mechanisms for shareholders and employees to provide recommendations to the highest governance body	●	REP, p. 9–11 AR, p. 30/31, 45	In accordance with the German Industrial Relations Act, the employees are represented on the Supervisory Board and administrative bodies through employee representatives.
4.5	Linkage between compensation for members of the highest governance body and the organisation's performance	●	AR, p. 34–39	
4.6	Processes in place for the highest governance body to avoid conflicts of interest	●	REP, p. 9–11, 16 AR, p. 28–32, 45	
4.7	Processes for determining the qualifications of the members of the highest governance body for guiding sustainability aspects	●	REP, p. 16 AR, p. 32/33 http://www.tui-group.com/en/company/management/executive_board	
4.8	Statements of mission, codes of conduct and principles	●	REP, p. 12/13, 46/47, 52, 59	
4.9	Procedures of the highest governance body for overseeing the sustainability performance	●	REP, p. 8 AR, p. 19–39	
4.10	Processes for evaluating the highest governance body's own sustainability performance	●	AR, p. 28–39	
4.11	Precautionary approach	●	REP, p. 6	
4.12	External initiatives to which the organisation subscribes or endorses	●	REP, p. 15, 52, 59	
4.13	Memberships	●	REP, p. 15, 22, 33, 35/36 MAG, p. 9	
4.14	Stakeholder groups	●	REP, p. 9	
4.15	Identification of stakeholders	●	REP, p. 9/10	
4.16	Approaches to stakeholder engagement	●	REP, p. 9/10, 58	
4.17	Key topics and concerns of stakeholders	●	REP, p. 10/11, 63, 64	
	Performance indicators			
	Economic performance indicators			
	Management approach	●	AR, p. 14, 57, 61, 138	
	Economic performance			
EC1	Direct economic value generated	●	AR, p. 82	
EC2	Financial implications due to climate change	●	REP, p. 20 MAG, p. 12–15	Through the Carbon Disclosure Projects, TUI regularly provides information about the risks, opportunities and effects of climate change on the business operations.
EC3	Coverage of benefit plan obligations	●	AR, p. 63, 185	
EC4	Financial assistance received from government	◐		TUI AG or individual subsidiaries received subsidies for implementing various construction projects which also benefited economic and social development in these regions.
	Market presence			
EC5	Ratio of standard entry-level wage compared to local minimum wage	○		
EC6	Selection of locally based suppliers	●	REP, p. 58–64 MAG, p. 20	
EC7	Procedure for local hiring	◐	REP, p. 43	

	GRI Indicator	Status	Reference	Comment
	Indirect economic effects			
EC8	Infrastructure investments and services provided primarily for public benefit	●	REP, p. 60, 63	
EC9	Indirect economic impacts	●	REP, p. 52–56, 63 MAG, p. 20/21, Editorial	
	Environmental performance indicators			
	Management approach			
		●	REP, p. 6/7, 17/18, 20/21, 29/30, 32/33, 58, 60 MAG, p. 9	
	Materials			
EN1	Materials used by weight or volume	●	REP, p. 31/32	Unlike manufacturing companies, we only use consumables as a travel group.
EN2	Percentage of materials used that are recycled input materials	●		Not applicable, see EN 1
	Energy			
EN3	Direct energy consumption	●	REP, p. 29	In the 2010/11 financial year, direct energy consumption totalled 96,372,160 GJ. The main sources for energy consumption are fuel, heating oil, heating gas and propane.
EN4	Indirect energy consumption	●	REP, p. 29	In the 2010/11 financial year, indirect energy consumption totalled 3,443,126 GJ. The main sources for energy consumption are electricity and district heat.
EN5	Energy saved	●	REP, p. 27–29	
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services	●	REP, p. 22–25 MAG, p. 12–15	
EN7	Initiatives to reduce indirect energy consumption	●	REP, p. 23–24, 27–29, 63	
	Water			
EN8	Total water withdrawal by source	●	REP, p. 29/30	In the 2010/11 financial year, 81.7% of the total water requirements on board the ocean-going vessels was produced by treating sea water. The remaining water was sourced on land. In TUI Hotels & Resorts, the reported hotels used 67.2% of the water to operate the hotels and 32.8% to irrigate the gardens.
EN9	Affected water sources	○		
EN10	Ratio of recycled and reused water	○		
	Biodiversity			
EN11	Location and size of areas with high biodiversity	●	REP, p. 32/33	Around one fifth of the interviewed hotel companies are located in the vicinity of protected areas.
EN12	Impacts of activities in protected areas	●	REP, p. 32–40 MAG, p. 26	
EN13	Habitats protected or restored	●	REP, p. 32–40	
EN14	Strategies for managing impacts on biodiversity	●	REP, p. 32–40	
EN15	Endangered species	●		Many of the holiday destinations are located in countries with rich biodiversity. Activities in these countries therefore have to be designed so as to reflect this responsibility. Information on the occurrence of protected species is requested from the shareholdings on an annual basis and is available for individual regions. A Group-wide presentation of the results is currently under development.
	Emissions, water discharge and waste			
EN16	Greenhouse gas emissions	●	REP, p. 24–26	
EN17	Other greenhouse gas emissions	●	REP, p. 25	
EN18	Initiatives to reduce greenhouse gas emissions	●	REP, p. 27–30 MAG, p. 12–15	
EN19	Emissions of ozone-depleting gases	●		Apart from the indicators presented in the report, we are not aware of any material amounts of other ozone-depleting substances.
EN20	NO _x , SO _x and other air emissions	●	REP, p. 25	

	GRI Indicator	Status	Reference	Comment
EN21	Total water discharge	●		In the 2010/11 financial year, 81.7% of the total water requirements were produced on board the ocean-going vessels by treating sea water. The remaining water was sourced on land. In TUI Hotels & Resorts, the hotels covered by the report used 67.2% of the water to operate the hotels and 32.8% to irrigate the gardens.
EN22	Total weight of waste (by type and disposal method, incineration)	●	REP, p. 30/31	In the 2010/11 financial year, hazardous waste totalled 219 tonnes at TUI Hotels & Resorts, accounting for 0.37% of the total waste volume. For non-hazardous waste, the recycling ratio was 7.2% in TUI Hotels & Resorts.
EN23	Total number of spills	●		In the period under review, no extraordinary incidents were reported which led to spills that had a negative impact on the soil, water, air or biodiversity. In Cruises, no oil spills into water occurred.
EN24	Transport of hazardous waste	○		Not relevant
EN25	Impact of discharged water on biodiversity	○		Not relevant
Products and Services				
EN26	Initiatives to mitigate environmental impacts	●	REP, p. 20–40, 59/60 MAG, p. 12–15	
EN27	Recycling of packaging material	○		Not relevant
Compliance with legal regulations				
EN28	Fines and sanctions for non-compliance with environmental regulations	●		In the period under review, no incidents were notified.
Transport				
EN29	Impacts of transport and traffic	●	REP, p. 26	<i>In the narrower sense of the term, this indicator is not relevant for TUI. In a broader sense, it may encompass transport of guests. Detailed information is provided in the chapter "Environment".</i>
Total				
EN30	Environmental protection expenditures	○		
Social performance indicators: Labour practices and decent work				
Management approach				
Employment				
LA1	Total workforce by employment type and region	●	REP, p. 42/43, 47	
LA2	Rate of employee turnover	●	REP, p. 42/43, 47	
LA3	Benefits provided to full-time employees	○		
Relationship between employees and employers				
LA4	Percentage of employees covered by collective bargaining agreements	●	REP, p. 50	
LA5	Notice periods regarding operational changes	●		For material decisions affecting the parent company TUI AG or its direct employees, the works council concerned was always informed on time.
Health and safety				
LA6	Worker health and safety committees	○		
LA7	Rates of injury and occupational diseases	●	REP, p. 48/49	TUI supports active health promotion and the associated improvement in health and well-being at the workplace throughout the Group. This is enshrined in the TUI Group's Code of Conduct. It is not possible to quantify the number of work-induced accidents and injuries.
LA8	Education regarding serious diseases	●	REP, p. 44/45 MAG, p. 4–7	
LA9	Health and safety agreements with trade unions	○		

	GRI Indicator	Status	Reference	Comment
Training				
LA10	Trainings per employee	●	REP, p. 45	The TUI shareholding TUI Consulting & Services GmbH specialises in HR development in the TUI Group and carried out more than 500 events each in the 2009/10 and 2010/11 financial year. Around 3,000 employees from different TUI companies underwent training every year.
LA11	Programmes for lifelong learning	○		
LA12	Performance and career development reviews	●	REP, p. 45	
Diversity and equality of opportunities				
LA13	Composition of governance bodies	●	REP, p. 47	Since "living diversity" is an essential asset in our Group, this endeavour would be frustrated if information such as "affiliation to a minority" were to be collected.
LA14	Ratio of basic salary of men to women	●		At TUI, our pay is performance-based. We do not differentiate on the basis of gender.
Social performance indicators: human rights				
Management approach				
		●	REP, p. 7, 52 AR, p. 57–60, 76–78, 116	
Investment and procurement practices				
HR1	Investment and procurement agreements that include human rights clauses or that have undergone human rights screening (including supplier selection)	●		In 72% of the contracted hotels, the contracts include minimum environmental and/or social standards.
HR2	Screening of suppliers	●	REP, p. 53/54	Suppliers (hotels) are successively checked for compliance with quality and sustainability standards, such as Travelife, which also entail social aspects and human rights aspects. We will seek to intensify these efforts over the next few years by introducing a code of conduct for suppliers and launching inspection mechanisms.
HR3	Trainings concerning human rights	●	REP, p. 13	
Equal treatment				
HR4	Incidents of discrimination and actions taken	●	REP, p. 12 www.tui-group.com/en/company/compliance	In the interests of all employees and our company, TUI analyses any violations and removes their causes. This also includes the consistent prosecution of wrong behaviour in the framework of applicable national provisions.
Freedom of association and right to collective bargaining				
HR5	Exercise of freedom of association	●		In the period under review, we have not become aware of any incidents.
Child labour				
HR6	Child labour	●	REP, p. 12, 52–54	
Forced and compulsory labour				
HR7	Forced and compulsory labour	●	REP, p. 12, 52–54	
Training of security personnel				
HR8	Training of security personnel	○		Not relevant
Rights of indigenous people				
HR9	Violations involving rights of indigenous people	●		In the period under review, we have not become aware of any incidents.
Social performance indicators: society				
Management approach				
			REP, p. 18, 52 AR, p. 32, 33	
Community				
SO1	Impacts on community	●	REP, p. 12, 63 MAG, p. 4–7, 20/21	

	GRI Indicator	Status	Reference	Comment
Corruption				
SO2	Risks related to corruption	●	REP, p. 12/13	
SO3	Trainings regarding anti-corruption	●	REP, p. 13	E-learning programmes and face-to-face training are components of the Compliance Initiative currently rolled out all over the world. Individual Sectors (e.g. Cruises) have already completed the training schemes; sensitive areas such as Purchasing and Sales are regularly trained.
SO4	Actions taken in response to incidents of corruption	●	REP, p. 14	In the interests of all employees and our company, TUI analyses any violations and removes their causes. This also includes the consistent prosecution of wrong behaviour in the framework of applicable national provisions.
Politics				
SO5	Positions and participation in public policy development and lobbying	●	REP, p. 15	TUI engages in open dialogue with representatives from the political, scientific and economic arenas and civil society. Thanks to cooperation schemes with individual organisations and umbrella organisations, measures and activities were selectively implemented.
SO6	Contributions to political parties	●		As a matter of principle, TUI AG does not provide any donations to parties, politicians and related institutions. This also applies to the Group companies.
Anti-competitive behaviour				
SO7	Anti-competitive behaviour	●		In the period under review, we have not become aware of any incidents.
Compliance with laws				
SO8	Fines for non-compliance with laws and regulations	●		In the period under review, no fines or sanctions were imposed.
Product responsibility				
	Management approach		REP, p. 18, 58, 64 AR, p. 32/33	
Customer health and safety				
PR1	Health and safety impacts along product life cycle	●	REP, p. 28, 58 MAG, p. 14	
PR2	Non-compliance with regulations concerning health and safety	○		Not relevant
Labelling of products and services				
PR3	Product and service information	●	REP, p. 58/59	
PR4	Non-compliance with regulations concerning product information	○		Not relevant
PR5	Customer satisfaction	●	REP, p. 58	
Promotion				
PR6	Programmes for adherence to laws and voluntary codes related to promotion	●		Full compliance with laws and provisions, the corporate values and the Compliance Code forms the basis for our activities. This also applies in connection with product marketing and advertising.
PR7	Non-compliance with regulations concerning marketing	●		In the period under review, we have not become aware of any incidents.
Protection of customer data				
PR8	Complaints regarding breaches of customer privacy	●		In the period under review, no material incidents in the interviewed shareholdings were notified.
Compliance with regulations				
PR9	Fines for non-compliance with regulations concerning use of products and services	●		At the present point in time, we are not aware of any cases in which TUI companies violated international declarations, national legislation or voluntary commitments with regard to the provision or use of products and services. We are not aware of any fines or sanctions imposed.

Application level of GRI

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosure OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	G3 Management Approach Disclosure OUTPUT	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector supplement in final version



Statement GRI Application Level Check

GRI hereby states that **TUI AG** has presented its report "Destination Sustainability 2011/2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

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Amsterdam, 3-1-2012


 Nelmara Arbex
 Deputy Chief Executive
 Global Reporting Initiative



The "+" has been added to this Application Level because TUI AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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Ideas, criticism and feedback

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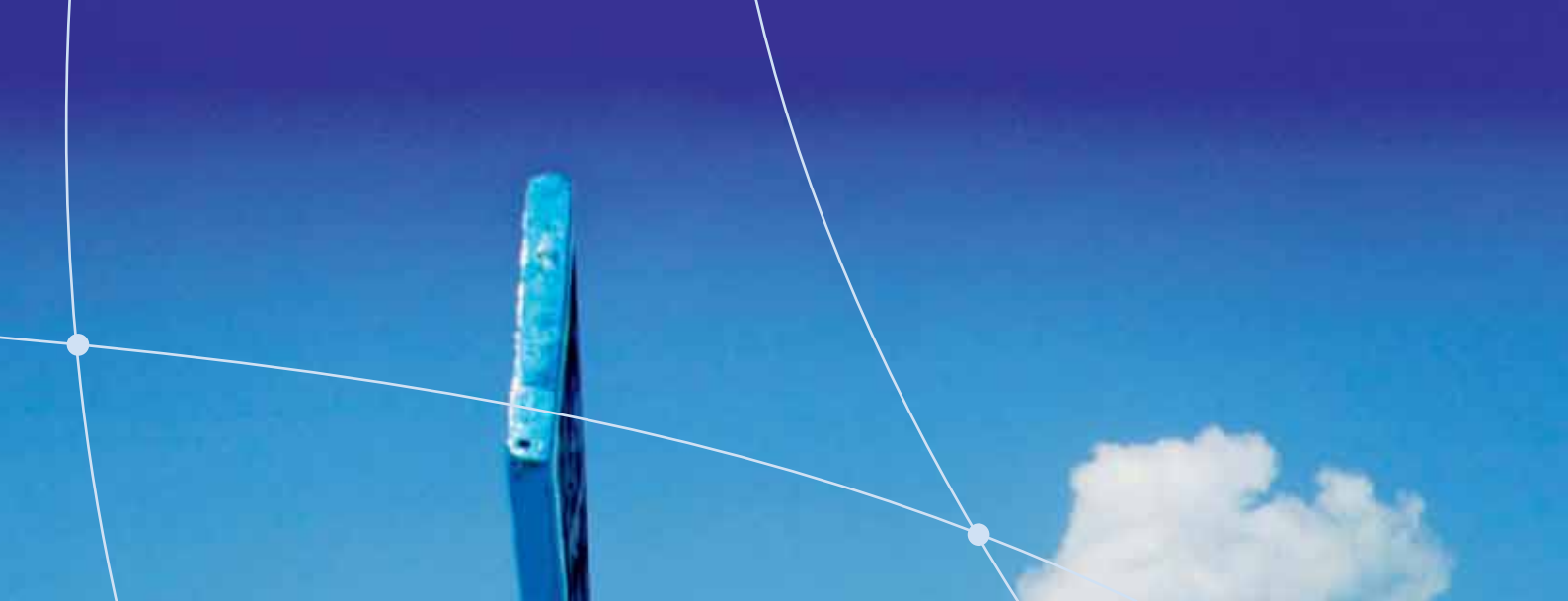
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