

SUSTAINABLE HOLIDAYS

HERE, THERE
& IN THE AIR





CONTENTS

- 3 Welcome
- 4 Setting the scene
- 5 Holidays Forever – highlights from 2010-13
- 6 Our Sustainable Holidays Plan
- 7 TUI UK & Ireland's 2014 goals
- 8 Our sustainable holiday journey



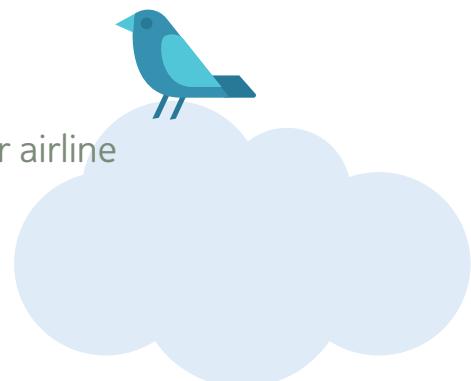
- 9 Our responsibilities in our source market
- 10 Highlights
- 11 The detail



- 12 Our responsibilities in our destinations
- 13 Highlights
- 14 The detail



- 15 Our responsibilities in our airline
- 16 Highlights
- 17 The detail



WELCOME

Welcome to this special update, which highlights TUI UK & Ireland's progress towards delivering more sustainable holidays by minimising environmental impacts, respecting culture and people and bringing economic benefit to communities.

Our achievements and continued programme of work help preserve the destinations our customers love to visit, while ensuring we deliver our vision of making travel experiences special.

From 2010-13 we worked hard in the UK to deliver against our Holidays Forever goals and commitments and, now that phase in our sustainability strategy is complete, it's the right time to take a moment to celebrate our significant successes.

However, there is still plenty of work to do to deliver TUI UK & Ireland's contribution to our company-wide Sustainable Holidays Plan, pioneer sustainability change in the travel and tourism sector and engage our colleagues and customers to play their part.

Delivering more sustainable holidays is critical to the long term success of our business and of our industry, so it's really important that we all recognise our role in making sustainability part of the way we do business.



David Burling
Managing Director, TUI UK & Ireland



SETTING THE SCENE

There are lots of reasons why sustainability is important for a business like TUI Travel. Some of these are:

WE CAN MAKE A REAL DIFFERENCE –

globally, 1 in 11 jobs are in the travel tourism industry and it accounts for 9% of global GDP. This is particularly important in developing countries.

OUR CUSTOMERS EXPECT IT –

89% of customers expect us to be working to reduce our impact on the environment and support local communities in our destinations.

RISKS FROM CLIMATE CHANGE –

climate change will increase the intensity of tropical storms and rainfall, and cause more severe droughts so it's really important for us to play our part by reducing our carbon footprint and supporting our suppliers to do the same.

IT IS MAKING US MORE EFFICIENT –

in 2012 TUI Travel saved £16 million due to eco-efficiencies so investing in sustainability definitely makes sense for our business from a financial perspective.

IT'S IMPORTANT TO OUR COLLEAGUES –

80% of 13-25 year olds want to work for a company that cares about its impact on society and colleague engagement is 50% higher when sustainability culture is strong.

GLOBAL WATER SHORTAGES –

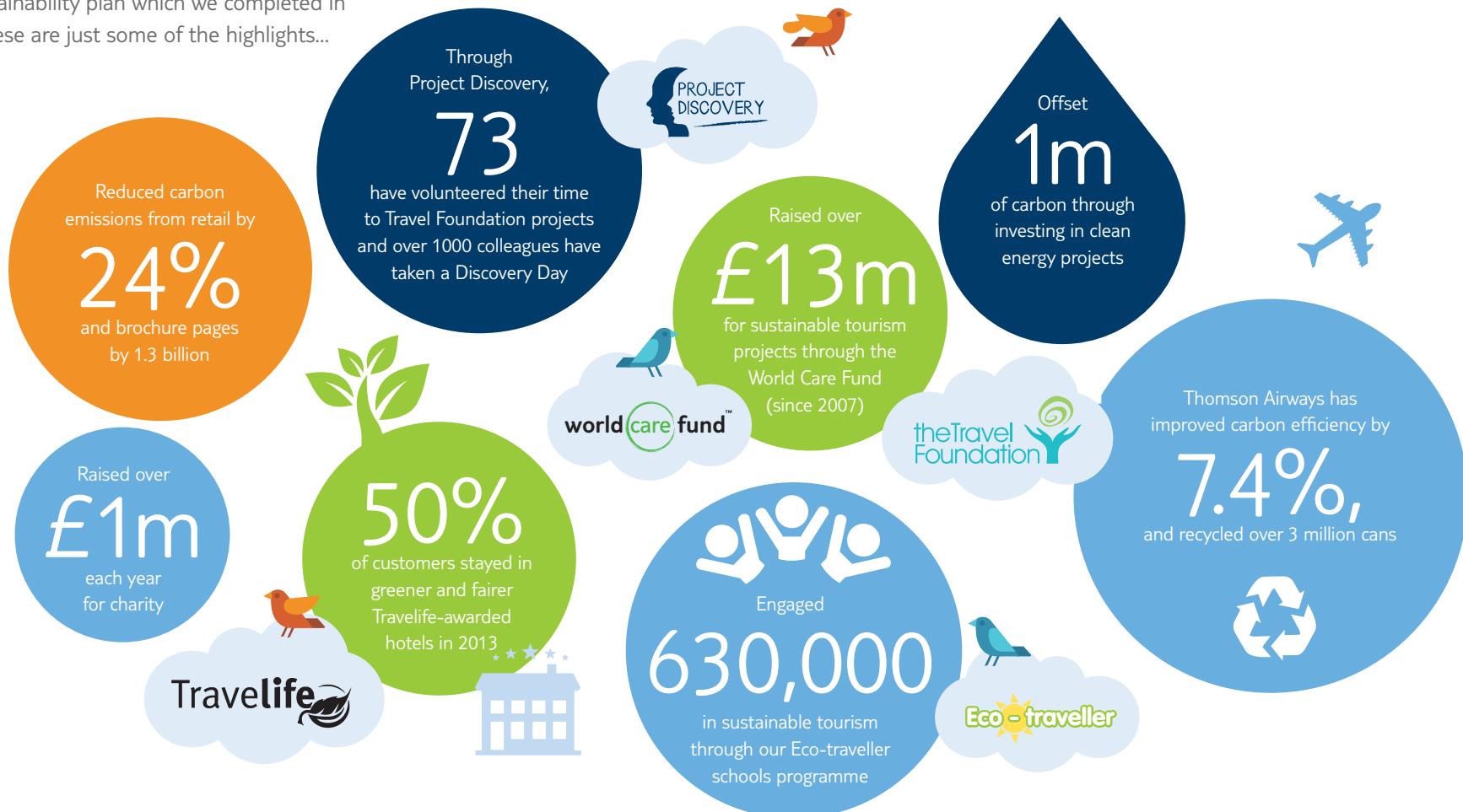
many of our destinations are facing water shortages so we need to become more efficient and reduce the amount of water we use. This is especially important because water is such a vital part of our product – just think of all the swimming pools!





HOLIDAYS FOREVER HIGHLIGHTS, 2010-13

Holidays Forever was TUI UK & Ireland's three year sustainability plan which we completed in 2013. These are just some of the highlights...



OUR SUSTAINABLE HOLIDAYS PLAN

TUI Travel has a sustainability strategy called the Sustainable Holidays Plan. This sets out goals and commitments which we will achieve by 2015. All our businesses are involved in delivering these goals and TUI UK & Ireland plays a really important part...



“ TUI UK & Ireland & TUI Travel PLC remain committed to making holidays more sustainable. TUI UK has demonstrated this through its significant achievements as a result of its challenging three year Holidays Forever commitments. The next step in the journey is to build on our successes, especially by collaborating with colleagues across One Mainstream to deliver greener and fairer holidays. Our customers expect us to provide the information they need to become more sustainable. I am optimistic that by making sustainability the new norm, we can continue travelling, while preserving the integrity of resorts and protecting the world's resources. ”

JANE ASHTON
GROUP DIRECTOR FOR SUSTAINABLE DEVELOPMENT

OUR STRATEGIC FRAMEWORK – 2014

For 2014 TUI UK & Ireland has set new, stretching targets which will enable us to play our part in achieving our company-wide Sustainable Holidays Plan goals by 2015.

We've focused our goals and targets on the three areas where we have the biggest impact on the environment and local communities:

- Here in the UK and Ireland
- There in our destinations
- In the Air through Thomson Airways

OUR 2014 GOAL

OUR LONG-TERM AMBITION



8%

reduction in carbon emitted from our UK operations

2 million

greener and fairer holidays

Leadership

in carbon efficiency in UK aviation sector

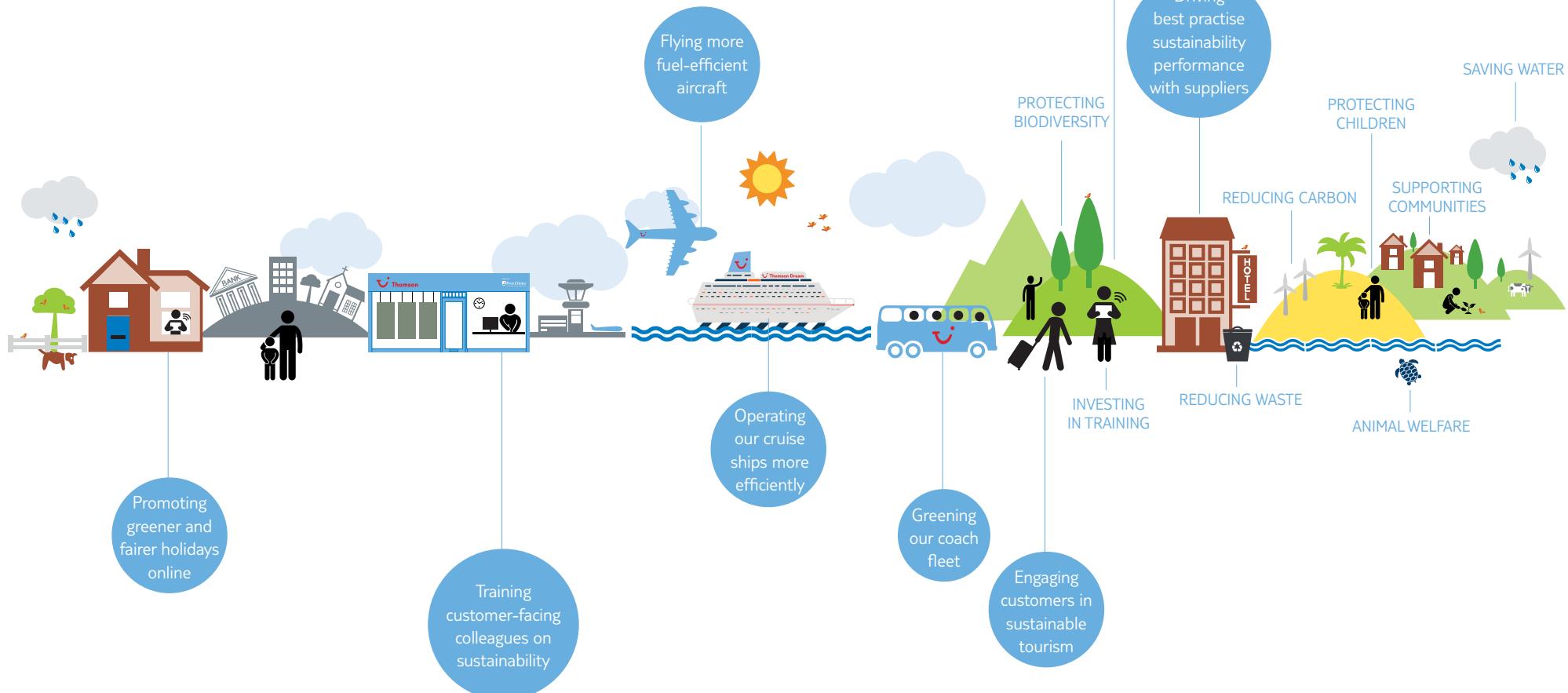
We will be recognised as the leading tour operator for sustainability, with the most carbon-efficient operations.

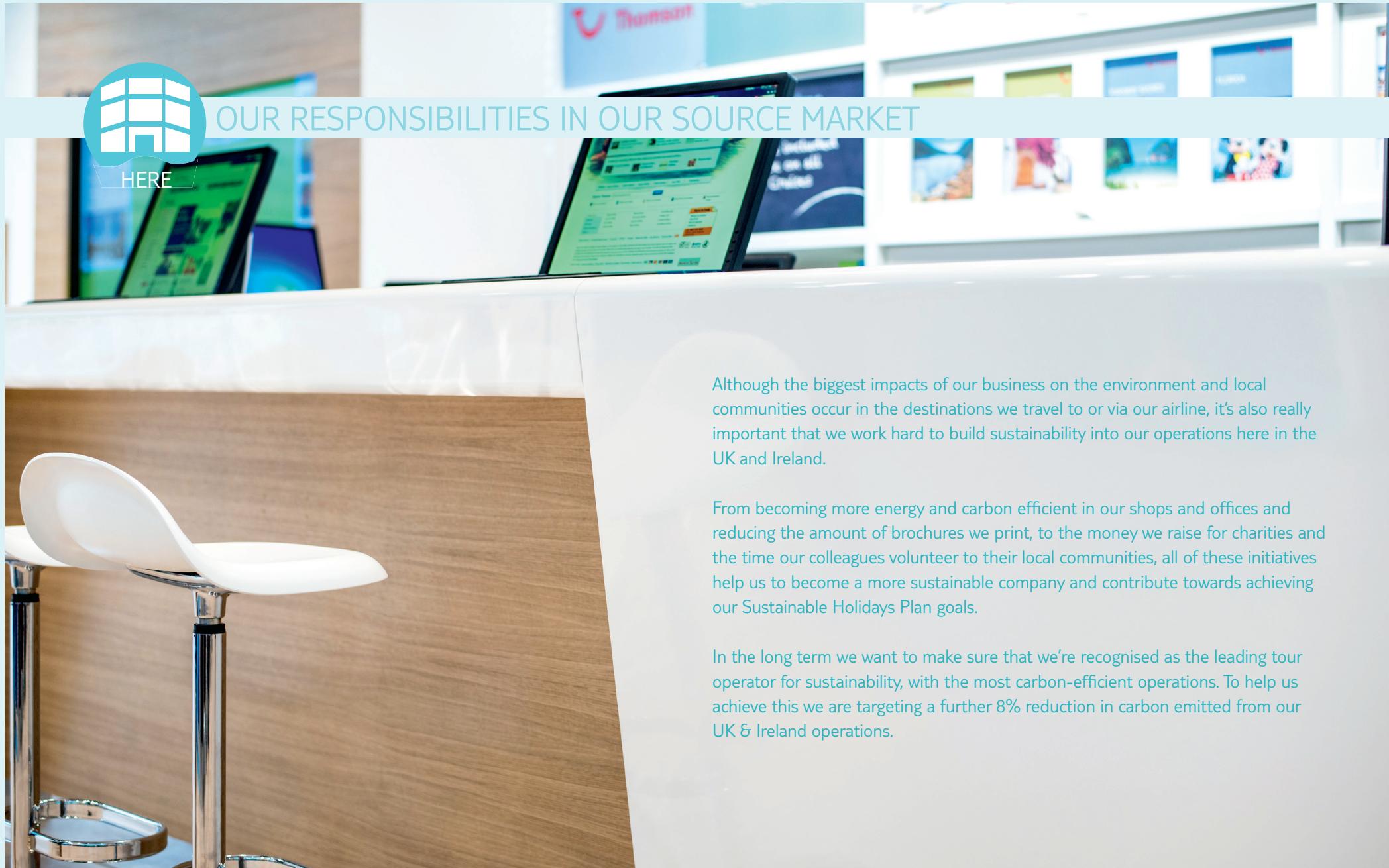
Our holidays will be the best in the industry for local communities and the environment in our destinations.

Thomson Airways will be one of the most fuel and carbon efficient airlines in Europe.

OUR SUSTAINABLE HOLIDAY JOURNEY

We are working to embed sustainability throughout the holiday journey





OUR RESPONSIBILITIES IN OUR SOURCE MARKET

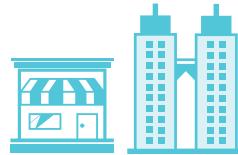
Although the biggest impacts of our business on the environment and local communities occur in the destinations we travel to or via our airline, it's also really important that we work hard to build sustainability into our operations here in the UK and Ireland.

From becoming more energy and carbon efficient in our shops and offices and reducing the amount of brochures we print, to the money we raise for charities and the time our colleagues volunteer to their local communities, all of these initiatives help us to become a more sustainable company and contribute towards achieving our Sustainable Holidays Plan goals.

In the long term we want to make sure that we're recognised as the leading tour operator for sustainability, with the most carbon-efficient operations. To help us achieve this we are targeting a further 8% reduction in carbon emitted from our UK & Ireland operations.



HIGHLIGHTS



SHOPS AND OFFICES – since 2010, we've reduced the carbon emissions from our retail shops by 24% through investing in new technology. We've also reduced the number of brochure pages we print by over a billion, equating to a saving of more than 30,000 trees. By the end of this year we want to reduce the carbon emitted from our shops and offices by a further 7% and brochure pages by a further 10%. We are also working closely with our waste, energy and catering suppliers to achieve improvements.



ECO-TRAVELLER – working with the National Schools Partnership, our Eco-Traveller programme provides a range of interactive resources focused on sustainable travel to UK schools, which have curriculum links to geography, science, literacy and art and design. 633,546 pupils have taken part so far and by the end of this year we are aiming to have reached over a million children.



CHARITY FUNDRAISING – we have raised over £1 million each year for charity. Our official charity partner is the Family Holiday Association which is dedicated to providing UK seaside breaks for families living in poverty. Different areas of the business support additional charities like the Born Free Foundation, NSPCC, Tommy's and local charities in the UK & Ireland and in our destinations. Through donations our customers make to the World Care Fund when they book, we also support the Travel Foundation, a sustainable tourism charity.



VOLUNTEERING – we have two volunteering schemes at TUI UK & Ireland. Project Discovery gives colleagues the opportunity to volunteer their time to a Travel Foundation project overseas. Since it started in 2006, 73 volunteers have worked on 27 projects, contributing a staggering 9344 hours of volunteering! In 2011 we also launched Discovery Days. This gives colleagues the chance to volunteer for one day per calendar year on company time and 1,000 colleagues have taken part.



DETAILED TARGETS FOR 2014

We will be the
first

UK company to achieve
Travelife for Tour Operators
certification.



We will reduce
carbon emissions from our
UK premises by
7%
and the number of
brochure pages we print
by 10%.

We will
enhance

sustainability at our head
offices by working closely
with our waste,
energy and
catering suppliers.



We will
improve

our external sustainability
communications by focusing on
the issues our customers
care about.



We will further
engage

our colleagues in
sustainability through
training, learning and
development
and innovation.



We will
embed

new charity processes,
incorporating corporate
volunteering and building
links with
local communities.





OUR RESPONSIBILITIES IN OUR DESTINATIONS

Travel and tourism accounts for 9% of the world's GDP, 6% of its exports and 1 in 11 jobs. The leisure travel industry can have both positive and negative impacts on communities and the environment – the challenge is how to manage these impacts for the greatest good. We want our holidays to benefit local people and protect the environment, and in doing so maintain the quality, viability and desirability of our products.

TUI Travel has made a commitment to deliver 10 million 'greener and fairer' holidays by 2015. This is measured by the number of customers we take to hotels with credible sustainability certifications, such as Travelife. Backed by ABTA, Travelife awards are given to hotels that care for the environment and the local community. In 2014, TUI UK & Ireland will deliver 2 million greener and fairer holidays. Engaging in sustainability helps hotels differentiate their product and deliver higher quality and customer satisfaction.

Looking beyond our hotels, Thomson Cruises is already one of the most fuel-efficient cruise operations in Europe, but has plans to improve even further. We are also working with our excursion suppliers to help them minimize their impact on the environment while bringing benefit to local people.

We are involved in projects in many of our destinations with partners such as the Travel Foundation, a sustainable tourism charity. These aim to support communities and reduce the environmental impact of tourism and cover themes which address key sustainability issues for our business.





HIGHLIGHTS



HOTELS – we've made fantastic progress with supporting our hotels to achieve Travelife awards, demonstrating that they care for the environment, their employees and the local community. In 2013 50% of customers stayed in hotels with Travelife awards and all First Choice Holiday Villages and Thomson Sensatori hotels were certified as greener and fairer. In 2014, we are continuing to support our hotels to achieve Travelife awards in order to deliver 2 million greener and fairer holidays to our customers. We also want to make sure that our differentiated hotels lead the way in terms of water and energy efficiency, employment, procurement, community engagement and communication with customers.



THOMSON CRUISES – over the past three years, Thomson Cruises has been working hard to make ships more efficient, including investing in water treatment technology and changing itineraries to save fuel. Between 2012 and 2013, changes to two itineraries saved over 2,600 tonnes of CO2 and £400,000 in fuel costs. For 2014, Thomson Cruises has its own ten point sustainability strategy which includes reducing carbon emissions on like-for-like cruises by 3% and reducing the amount of water bunkered from ashore.



PROJECTS – when customers book with TUI UK & Ireland, they have the option to donate to the World Care Fund. The money raised supports sustainable tourism projects in our destinations. Since the World Care Fund was set up in 2007, we have raised over £13 million. Our key project partner is the Travel Foundation, a sustainable tourism charity. This year we are working on a variety of projects which aim to preserve the environment and support local communities. In Turkey we're working with farmers in Fethiye to help them access the hotel supply chain, in Cape Verde we're promoting better beaches and local crafts and in Jamaica we're scoping projects which aim to encouraging customer discretionary spend money with local businesses in resort.



DETAILED TARGETS FOR 2014

we will deliver
2m
greener and
fairer holidays.



We will
train
our overseas colleagues
to talk to customers about
sustainability and highlight
the benefits of
local experiences.

We will
support
our flagship hotels
to lead the way
on sustainability.

We will
enhance
our resort communications
to reach customers with
relevant, local information to
enable them to make more
sustainable decisions.

We will
standards
for sustainability into
new builds
and renovations.



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We will
invest
in projects and
drive strategic
progress.



We will
embed
sustainability targets for
Thomson Cruises into
our operations.



OUR RESPONSIBILITIES IN OUR AIRLINE

Travel and tourism are responsible for around 5% of global greenhouse gas emissions. As a leading leisure travel company, our challenge is to prepare for a low carbon future by further reducing our environmental impacts and helping those in our value chain do the same.

Carbon management is a priority for TUI Travel: our airlines' carbon efficiency is one of the company's key performance indicators and emissions from aviation make up over 85% of our Company's carbon footprint.

TUI Travel's aim is to operate Europe's most fuel-efficient airlines and to continue to invest in cutting edge aviation technology. We also work with key partners to help us identify how we can play a leading role in campaigning for smarter carbon legislation.





HIGHLIGHTS

IN THE AIR

Across TUI Travel, we aim to operate Europe's most fuel-efficient airlines and to continue to invest in cutting edge aviation technology. Over the past three years, Thomson Airways has improved its fuel and carbon efficiency by 7.4%, which makes us one of the most carbon efficient airlines in Europe and beyond with our average CO2 per revenue passenger kilometre now standing at 69.5g.

We have also:

- Fitted fuel-saving winglets to our aircraft, reducing fuel burn by up to 5%. Most recently Thomson Airways was the first European operator to fly with new innovative split scimitar winglet systems which will save up to an additional 2% in fuel.
- Focused on achieving high passenger load factors (making sure each flight is as full as possible).
- Invested in maintenance efficiencies such as engine wash programmes, lighter paint, and surface sealant applications that reduce drag on the aircraft.
- Achieved ISO14001 environmental certification for the whole Airline.
- Recycled over 3 million cans which is equivalent to around 57 tonnes of aluminium.
- In 2011, we were the first UK airline to fly passengers using sustainable biofuel.
- We were the first UK airline to take delivery of the Boeing 787 Dreamliner in 2013. The Dreamliner, which is more fuel efficient than comparable aircraft, is forecast to emit 20% less CO2 per passenger kilometre, bringing both environmental and business benefits.



“ The 787 Dreamliner showcases the latest in aviation environmental technology, reducing fuel burn and carbon emissions per seat. Thomson Airways is proud to have been the first UK airline to take delivery of this revolutionary aircraft which is a great example of the investment we are making in improving our fuel and carbon efficiency. ”

JOHN MURPHY

MANAGING DIRECTOR, THOMSON AIRWAYS



DETAILED TARGETS FOR 2014



We will continue to **lead** UK aviation in carbon efficiency

We will further **improve** Thomson Airways' carbon efficiency.

We will recycle the equivalent of **2m** cans (inbound and outbound flights).

We will continue to use our leadership position to **explore** emerging technologies and share best practice.

