

# Sustainable Development **Social responsibility for employees. Central environmental management. Corporate citizenship.**

**Sustainable economic success requires balancing economic objectives with social and ecological concerns. Therefore corporate responsibility for society and the environment is an important guideline for entrepreneurial activity in the TUI Group both in terms of the Group's strategic considerations and its day-to-day business.**

The attention attached to the objectives of sustainable development in the TUI Group is documented by the 'Guidelines for TUI Group employees for dealing with business associates, employees, shareholders and the public' and the creation of a sustainable development department directly reporting to TUI AG's Executive Board. Its task is to network the various units of Group companies dealing with human resources, environmental protection and corporate citizenship and coordinate their activities at Group level. At a conference on sustainability, attended by 70 employees from 63 Group companies, TUI's guidelines were presented to the companies and a further optimisation of internal processes was initiated.

Linking up the Group's economic objectives with its commitment to employees, the environment and society as manifested by a large variety of initiatives with a social or ecological focus, TUI contributes to the improvement in the quality of life and the protection of the natural environment both at its sites and in the tourist destinations, limiting business risks at the same time.

## Employees

In the services sector, the economic success of a company strongly depends on employees' personal contact with customers. Highly committed and motivated employees who are well qualified for their work are a key element of the performance of TUI Group companies in the tourism and shipping divisions. As in previous years, the focus of the Group's HR activities in the 2005 financial year was on offering sound initial, ongoing and further training, promoting autonomous work and service orientation and maintaining our employees's motivation and commitment.

### **Initial, ongoing and further training**

Junior staff development and good training are crucial in order to secure competitiveness. In Germany, the companies of the TUI Group offered initial training schemes to 380 new apprentices. In the 2005 financial year, they provided high-quality training to a total of 1,100 young people. At around 7%, the proportion of staff in training was thus kept at the previous year's high level. The skills and qualifications of our employees were developed and expanded through broad-based internal training programmes as well as additional external seminars and training schemes offering specific training contents and expertise.

*Junior staff development  
and training*

***Development of senior and executive staff***

Another essential HR activity is the recruitment, development and long-term retention of senior and executive staff. To this end, TUI operates specific central promotion programmes for executive and junior management staff. The programmes offered for lower and middle management functions were increasingly focused on the acquisition of intercultural skills and were attended by participants from more than ten countries. The international trainee programme was placed on a broader basis: under the new scheme, the European Group companies are free to recruit trainees on their own and offer them permanent contracts following the completion of the training scheme offered by the central HR development department.

***Pension schemes*****Social responsibility**

The companies of the TUI Group offer their employees various ways of participating in company-based and private pension schemes, based on individual national arrangements. Schemes offered to employees in Germany included direct insurance schemes, pension fund contracts and private pension insurance funds, all qualifying for state-co-sponsorship. A tax-privileged private pension scheme is the deferred compensation model, under which personal pension packages are offered to employees on the basis of their individual situation. As before, there was a high level of interest in these schemes offered by Group companies.

***Part-time early retirement***

In Germany, more than 400 employees worked under part-time early retirement contracts in the 2005 financial year. All entitlements were hedged against insolvency, irrespective of the date on which the part-time early retirement contract was signed. TUI thus goes beyond the minimum standard required under German part-time early retirement legislation adopted in 2004 for the benefit of its employees.

***People with disabilities***

The companies of the TUI Group attach particular importance to promoting the employment of people with severe disabilities. This commitment is also reflected in the integration agreement concluded with the Group Works Council. People with disabilities are encouraged to apply for appropriate vacancies. As a result, the number and ratio of employees with severe disabilities rose in 2005. Vocational training was another area in which in particular young people with disabilities were addressed and encouraged to apply for an apprenticeship in the TUI Group. As a result, apprentices with disabilities participated in German and Dutch projects in 2005 preparing for professional activities. Another project enabled TUI apprentices to spend a period of practical training in a facility for people with disabilities. Apart from these integration-oriented projects Group companies ordered products and services from sheltered workshops, thus promoting the employment of disabled people.

***Health and safety and health promotion***

A large number of health and safety activities were again implemented at the various sites of TUI Group companies, oriented towards compliance with the respective national legal health and safety provisions. One of the focal points of these activities was hazard analyses by external experts and specifically trained staff. These analyses facilitated the identification and elimination of potential risks of accidents at the workplace and the

optimisation of protective measures. Overall, they helped to maintain and further develop the high safety standard at the sites.

***Company health insurance fund***

TUI employees can join the Company's health insurance fund BKK TUI in order to obtain insurance cover for illness. With its attractive service offerings, the fund again attracted a large number of new members. As before, it developed a welter of new health promotion campaigns at the company level, including e.g. BKK TravelPlus, a programme offering and co-sponsoring combinations of health promotion schemes with package tours. BKK FamilyPlus is a programme run in order to support family-based health activities in the form of a contribution bonus. Activities also included special treatment programmes for people with chronic diseases based on a comprehensive bonus programme as well as new forms of treatment such as e.g. acupuncture. However, BKK TUI did not only offer innovative options but also offered its members and member companies financially attractive and efficient health insurance schemes with its contribution rate of 12.6%, undercutting the national average in Germany.

***Company health promotion scheme***

At the company level, too, the Group companies extended their health promotion measures. In this connection, the company agreement on 'Company health promotion' was concluded with the Group Works Council. Under this agreement, a large variety of measures aimed at preserving and promoting employees' health were offered to employees. Current measures include diet and wellness programmes, schemes to prevent addictive behaviour, the promotion of sports activities as well as special campaigns such as eye examination or flu vaccination.

***Employee representatives within the Group***

In the TUI Group, both national and international workers' representation schemes exist within individual Group companies and at Group level. As before, the Executive Board and the management of the companies cooperated constructively and in a spirit of trust with these bodies in 2005. As a result, they managed to find joint solutions for strategic, organisational and operational decisions that also entailed headcount reductions, taking account of the interests of employees and management in a fair and balanced way.

***TUI European Forum***

The TUI European Forum established in 1995 in addition to the statutory employee representation bodies required under national legislation, currently comprises 55 workers' representatives from 17 European countries. The Forum meets once a year and renders a significant contribution at international level to the transparency of major entrepreneurial decisions and the integration of different nationalities within the TUI Group.

### **Environmental protection activities**

The entrepreneurial activities of the companies of the TUI Group are determined to a large extent by environmental considerations. The Group's central environmental management department initiates and coordinates operative and strategic measures and supports the implementation of these measures by the companies. Comprehensive up-to-date information on the many different projects implemented in the field of environmental protection is published on the internet at [www.tui-umwelt.com](http://www.tui-umwelt.com). The examples outlined below reflect some of the Group's key environmental

protection activities. More detailed information is also provided in the section 'Environmental protection' in the management report.

#### *Energy efficiency*

##### **Climate protection**

Air traffic and its impact on the climate have increasingly attracted the attention of political institutions. TUI has also intensely tackled this issue with regard to its own aircraft fleet. Its airlines have long since applied technically innovative features such as winglets on its Boeing 737-800s in order to reduce fuel consumption and increase energy efficiency on the aircraft operated. These attempts are supported by the ongoing aircraft renewal programmes launched in order to reduce fuel consumption and operating costs.

#### *Participation in TREMOD*

In 2005, TUI also participated in TREMOD (Transport Emission Estimation Model), an expert model used by various authorities, associations and organisations to calculate air pollutant emissions caused by motorised traffic. TREMOD captures all passenger transport vehicles operated in Germany such as passenger cars, buses, railways and aircraft as well as goods traffic carriers such as trucks and ships with the respective basic data, specific energy consumption and emission factors. Both direct emissions and emissions generated in the production of the fuels used by the carriers are taken into account. The project will extend over a period of five years and is managed by the Federal Environmental Agency and the IFEU Institute. TUI will enter its CO<sub>2</sub> emission data into the project. The aim is to gain experience with a view to CO<sub>2</sub> reporting and future participation in the European Carbon Disclosure Project.

##### **Preservation of biodiversity**

TUI attaches a high level of importance to the economic value of biodiversity and intact ecosystems for tourism offerings. This is also expressed by the close cooperation with the Secretariat of the UN Convention on the Conservation of Migratory Species, adopted at the Nairobi conference by the signatory states.

#### *Biodiversity ratio*

In its brochures, TUI Deutschland indicates the biodiversity ratio, i.e. the percentage of protected areas as a proportion of the total area in holiday destinations. In this context, TUI is working for the recognition of new large conservation areas and the incorporation of such areas into the European Charter for Sustainable Tourism in Conservation Areas in the framework of its partnership with EUROPARC, the European Federation of National and Nature Reserves. The aim of these activities is to implement sustainable economic development in these areas, besides benefiting the environment.

#### *TUI Destination Reporting*

##### **Specific activities in the holiday destinations**

With TUI Destination Reporting, TUI has created an instrument to record ecological shortcomings in holiday regions, e.g. in the areas of waste management and waste water management. Based on regular contact with local bodies in charge, the resulting risks for the development of the regions are identified and measures to improve the situation are discussed.

**TUI Environmental Champion**

Internally, TUI spurs the competition for successful environmental management by means of TUI Environmental Champion awards. In 2005, the most successful hotel chain was Robinson with a total of 17 clubs receiving an award. In the scoring category for individual hotels, the Iberotel Sarigerme Park in Turkey managed to win the award for the eighth time in succession.

### Social responsibility

TUI AG and its subsidiaries are good corporate citizens at their worldwide sites and in the holiday destinations visited by their customers. This is part and parcel of the Group's identity, reflected for instance by the support granted to many different charitable projects and the activities of the TUI Foundation and the Hapag-Lloyd Foundation. The focus of activities is on support for disadvantaged children and young people and on the promotion of science and education as well as art and culture.

**Sustainable aid programmes**

#### **Tsunami reconstruction aid in the disaster-stricken areas**

In 2005, one of TUI's key concerns was to support reconstruction activities in the areas in Asia affected by the devastating effects of the tsunami of December 2004. TUI provided a total of € 1.25 million for sustainable aid programmes for the disaster-stricken areas. Activities focused on cooperation with the non-profit association Plan International Deutschland e.V. In cooperation with this association, TUI is building a new village for 200 families in Sri Lanka and provides active support to the local population, helping people to help themselves. In addition to TUI's financial contribution, a sizeable amount was donated by employees and customers. Two additional house building projects implemented in cooperation with the Tsunami Relief Fund in Sri Lanka were supported by TUI's local incoming agency Aitken Spence. In addition, Group companies individually supported numerous other relief projects for the disaster-stricken regions, including school projects in India and Sri Lanka.

**Sponsorships**

#### **Support for disadvantaged children and young people**

One of the focal points of TUI's social commitment is to provide support to disadvantaged children and young people. Thus, TUI UK employees launched a sponsorship in 2005 for the the Macmillan Cancer Relief organisation which takes care of children with cancer and their relatives. At the Hanover site, TUI has supported a sponsorship scheme run by the employees of TUI AG and TUI Deutschland for ten years now; in 2005 this scheme benefited the Heinrich-Ernst-Stötzner-Schule, a school devoted to the integration of children and young people with mental handicaps. In the framework of a corporate initiative, TUI co-sponsored the 'Fit for job application' project aimed at contributing to the reduction in youth unemployment. In the framework of this project, TUI HR managers provided information and assistance in preparations for job interviews and in search for apprenticeships.

**Sponsorship of organisations**

In 2005, TUI continued to support the Peter Maffay Foundation, catering for children traumatised by violence or sexual abuse in their families or by severe disease. TUI also continued via Group companies in the tourism division to support ECPAT, an organisation fighting against the sexual abuse of children. Hapag-Lloyd continued its sponsorships for children in China in cooperation with the aid organisation Plan International.

***RTL sponsorship marathon***

As in 2004, around 1,000 TUI employees voluntarily committed to contribute to the success of the RTL sponsorship marathon. The centrepiece of this 24-hour charity TV programme, a call centre for TV viewers which took their calls with which they committed to donate money, was provided by TUI, as were a number of holiday tours for the raffle. Group companies also organised a large variety of activities to raise additional funds. The donations from the 2005 RTL sponsorship marathon benefited, inter alia, kindergartens for traumatised children in Eritrea, a children's hospital in Sri Lanka, children with disabilities in Berlin and orphans in Moldavia.

***TUI Foundation*****Activities of the Foundations**

Under the motto 'Opening doors, creating opportunities', the TUI Foundation promoted science and research, the arts and culture and in particular education and vocational training for young people. In 2005, thanks to the sponsorship by the Foundation, a research project was launched by the Criminological Research Institute of Lower Saxony. The project is aimed at developing preventative approaches, for instance in order to be able to offer comprehensive support and assistance to children from highest-risk families at an early point in time. In 2005, the Foundation's activities also focused on the promotion of arts and natural sciences at school.

***Hapag-Lloyd Foundation***

The Hapag-Lloyd Foundation focused on the promotion of the arts and culture in Hamburg and was awarded the 'Kultur Merkur 2005' award for its long-standing commitment. Outstanding projects sponsored by the Foundation in 2005 were the sponsorship of the St. Pauli Theatre and the Young Forum Music Theatre as well as the Hamburg Ballet John Neumeier.

***TUI Scientific Award*****Scientific cooperation schemes**

TUI attaches particular importance to the promotion of innovation in the tourism sector and close cooperation with universities. This was evidenced by numerous projects in 2005. As in previous years, graduates of the Harz College were awarded the TUI Scientific Award 2005 for their excellent work. For six years now, the prize has been awarded to graduates for their contributions to innovation in the tourism sector by means of linking up scientific expertise with entrepreneurial practice. Moreover, TUI continued its long-standing support for the Willi Scharnow Institute for Tourism Science at the Free University of Berlin in 2005. TUI also continued to sponsor the endowment chair for 'Tourism and Travel Management' at the Göttingen private university for applied science.