

Sustainable Development **Social responsibility** for employees. **Environmental quality manage-** **ment and climate protection by means of** **energy efficiency. Corporate citizenship.**

For TUI, sustainable development means continuously balancing economic, ecological and social concerns. This secures the Group's competitiveness, promotes the potential of its employees, strengthens cooperation with social stakeholder groups and ensures lasting enhancements of the efficient use of natural resources at the corporate sites and in the holiday destinations.



FTSE4Good



TUI's convincing sustainability performance in 2006 was confirmed by international rating agencies and sustainability analysts: TUI AG was the world's only tourism company in the travel & tourism sub-sector admitted to the Dow Jones Sustainability Index (DJSI) World. TUI also defended its position in other international ethics indices. In addition, TUI joined the 'European Alliance for Corporate Social Responsibility' in order to bundle the specific sustainability potential of companies and industry at a European level and promote the international development towards sustainability.

Employees

Highly committed and motivated employees who are well qualified for their work are the key to success of a company. Promoting employees is one of the main areas of the Group's HR activities.

Initial, ongoing and further training

Junior staff development and good internal training are indispensable elements in order to ensure the competitiveness of a company. In Germany, the companies of the TUI Group newly filled 257 initial training placements. A total of 718 young employees participated in training schemes in 2006. At around 6.5%, the proportion of staff in training was thus kept at the previous year's high level. TUI continued to participate in the 'Fit for a job application' project in 2006. In the framework of this project, TUI HR managers supported young people in compiling their job application documents and preparing for job interviews.

*Junior staff development
and training*

*Development of senior
and executive staff*

One of the key tasks of central HR development is the development and long-term retention of technical and executive staff at all management levels. The range of programmes offered was expanded again in 2006. An international procedure for personal skills assessment was offered to lower management functions, while a systematic process of selective development measures based on a capability analysis was initiated for Germany's top management functions. Next year, this process will also be applied on a worldwide scale. The international trainee programme and the promotion programmes for middle management functions were expanded, focusing on the participants' personal development.

Pension schemes

Social responsibility

The companies of the TUI Group offer their employees many different ways of participating in company-based and private pension schemes. Individual national conditions and the economic situation are taken into account in the design of the models. Schemes offered to employees in Germany included pension fund contracts, direct insurance schemes and private pension insurance funds qualifying for state co-sponsorship (Riester pension). In addition, deferred-compensation models were offered, under which employees were able to choose their pension scheme according to their individual preferences. Demand for these schemes rose in 2006.

Part-time early retirement

In German Group companies, approx. 400 employees worked under part-time early retirement contracts in the 2006 financial year. The resulting entitlements of these employees were hedged against insolvency of the employer, irrespective of the effective date of the part-time early retirement contract. TUI thus went substantially beyond the minimum standard required under the amended German part-time early retirement legislation, adopted in 2004, for the benefit of its employees. TUI provided approx. € 13.5 million in the 2006 financial year for this purpose.

Health promotion

In 2006, TUI signed the Luxemburg Declaration on Workplace Health Promotion in the European Union. Like the Group's own guidelines, this declaration aims to promote health at the workplace. All health-related issues are discussed at Group level via TUI's health network. In addition, the Group has a national work-health-environment committee as well as local health and safety committees, for which employer and employee representatives meet several times a year. In addition, TUI has joined the German Network for Company-Level Health Promotion.

Under the heading 'Fit with TUI', a health programme was put together for Group employees. The companies of the TUI Group offered their employees various initiatives concerning different issues such as target group-specific health seminars, programmes for the prevention of addictive behaviour, cancer prevention or cardiovascular check-ups.

Company health insurance fund

BKK TUI, whose administrative costs only amounted to around 3% of total expenses in 2006 (national average: around 6%) had a substantial number of new members in the financial year under review. Given its very good price/performance ratio and a contribution rate of 12.6%, undercutting the national average, its membership rose from around 10,800 to more than 12,000 in the course of the year. The BKK offered highly attractive products such as BKK FamilyPlus, which supports health activities within families by means of a contribution bonus.

Health and safety

The Group companies again implemented a large number of health and safety activities. These activities included the preparation of hazard analyses, workplace visits and participation in the preparation of escape and emergency schemes but also the organisation of driver safety training schemes in order to minimise accidents on the way to work.

Work-life balance

In terms of external activities, TUI is one of the founding members of the national network 'Success factor family'. All companies of the TUI Group

offer a large variety of programmes in order to actively support a work-life balance. TUI offers for instance flexitime, part-time and telework schemes for all employees. At Group level, part-timers account for around 21% of the workforce. In addition, German employees are free to extend their statutory parental leave by one extra year or go on unpaid leave in order to take care of a family member in need of care.

Female employees account for around 65% of the Group's workforce. During pregnancy and parental leave, employees are offered personal consultation concerning any questions related to their return to working life any time. Access to internal information sources such as the intranet and use of voluntary social benefits such as special rates for holiday tours is to be taken for granted, as is the possibility of participating in further training schemes. In addition, employees on parental leave are offered the opportunity to fill in as substitutes so as to remain involved in current corporate activities. Reapplications by employees who have not immediately returned to their jobs following the end of their parental leave are given priority over external applications if qualifications are equal. At the Hanover site, a company-run full-time day crèche was opened in 2006. This represented a major step towards encouraging employees to rapidly return to their jobs.

***Employee representation
within the Group***

In the TUI Group, both national and international workers' representative schemes existed within individual Group companies and at Group level. In cooperation with the Executive Board and the management of the companies, solutions were found 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 representative bodies required under national legislation, currently comprises 52 workers' representatives from 17 European countries. Group management regularly briefs the Select Committee of the TUI European Forum and discusses the current economic and HR situation within the Group with it. The TUI European 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 management

Further information on environmental protection:
■ www.tui-umwelt.com
■ 'Environment' section in the management report

The TUI Group's overall entrepreneurial action is largely determined by environmental aspects and the incorporation of environmental quality standards into business processes.

In the Good Company Ranking 2006, published by 'manager magazin' at the beginning of 2007 and covering the 120 largest European groups, TUI came out as the best company in the environmental category. The criteria applied in the environmental category included the company's overall ecological performance, the consideration of environmental aspects along the value chain, ecological innovation as well as dialogue and cooperation with public stakeholder groups.

Climate protection through energy efficiency

Through the detailed monitoring of aircraft, ships and hotels, the Group obtained fundamental information on fuel efficiency and associated emissions again in 2006. Particularly energy-efficient processes were applied to the entire aircraft fleet by means of a standardisation of flight processes and procedures. Due to the ongoing aircraft renewal programme the average aircraft age amounted to 10.1 years; this helped to stabilise the fuel consumption. Through joint fuel efficiency workshops, TUI began to develop more ways of promoting fuel efficiency and thus reduce specific greenhouse gas emissions.

In addition, TUI participated intensely in the debates concerning the integration of air transportation into the European emissions trading scheme (EU-ETS), conducted within the aviation and industry associations. Moreover, TUI participated in the 'Carbon Disclosure Project 4', which compiled detailed information about TUI's climate policy and the climate effects of its operations. Thomsonfly closely cooperated with the 'Sustainable Aviation' initiative in the UK which jointly prepares strategies for sustainable aviation in cooperation with other leading aviation companies in the UK.

In shipping, emission-efficient drive systems were used for newly commissioned vessels, resulting in a reduction in fuel consumption per TEU and nautical mile. In addition, alternative underwater coatings were tested and monitored for their effects on the resistance of floating vessels.

Preservation of biodiversity

TUI carried out a large number of activities to promote protection of marine turtles in TUI destinations in the UNEP Year of the Turtle 2006. For 2007, the Year of the Dolphin, an integrated protection and information campaign was developed and presented to the international public at the UN campus in Bonn. The aim of these projects is to preserve and protect marine mammals with the support of local inhabitants and tourists.

In the UK, TUI again supported various activities for the preservation of biodiversity and the protection of endangered species. For many years, Thomsonfly has sponsored the UNEP project 'Great Apes Survival Project' by the 'Bornfree Initiative'. In the destinations TUI participated in reforestation and population determination measures such as those conducted by the incoming agency Pollman's in the Tsavo National Park in Kenya or by TUI Nordic on the Canary Islands.

Specific activities in the destinations

Worldwide, TUI Deutschland encourages the competition for successful environmental management among its hotel partners by means of TUI Environmental Champion awards. Participation in the competition is conditional on participation in TUI's environmental monitoring scheme for hotels and compliance with TUI's minimum standards for environmental quality. As before, the most successful hotel chain in 2006 was Robinson with 20 clubs receiving an award. In the scoring category for individual hotels, Iberotel Sarigerme Park in Turkey won the award for the tenth time in succession. Thomson (TUI UK) introduced the 'Green Medals' as an environmental quality competition in its brochures and awarded medals to fifteen outstanding hotels in 2006.

*Partnership with UNEP = United Nations
Environment Programme*

*Environmental quality
in TUI hotel*

**Environmental quality
label 'EcoResort'**

In cooperation with Group environmental management, TUI Hotels & Resorts awarded the environmental quality label 'EcoResort' for Group-owned hotel chains for the first time in the 2006 financial year, following a review by external environmental experts. In order for a hotel chain to be awarded the label, it has to meet a number of criteria including high health and quality standards, sustainable development activities, a high level of eco-efficiency and a certified environmental management system. Fifteen Group-owned hotel and club facilities were awarded the 'EcoResort' label for the 2006/2007 winter brochures. The aim of the quality label is beside ecological quality assurance to promote sustainable development in the holiday regions.

Social responsibility

TUI AG and its subsidiaries attach great importance to being good corporate citizens at their worldwide sites and in the holiday destinations. As before, Group activities in 2006 focused on support for disadvantaged children and young people, and on the promotion of education, research, culture and sports.

Reconstruction aid in the Tsunami-stricken areas

The projects launched in Sri Lanka in 2005, implemented in cooperation with the incoming agency Aitken Spence and the DRV association 'Aid without frontiers', were successfully completed. Around 100 families obtained new homes and a basis for their future livelihood. The new village built for 200 families in cooperation with Plan International Deutschland was officially opened in October 2006 (www.tui-aid.com). In Sri Lanka, Nouvelles Frontières supported the organisation 'Réconstruire et vivre' in building 40 bungalows and two kindergartens. TUI Nordic supported the Takuapa Senanuku School in Kao Lak in Thailand, sponsoring books and teaching materials.

Support for disadvantaged children and young people

TUI UK employees continued their sponsorship, initiated in 2005, for the Macmillan Cancer Relief aid organisation which takes care of children with cancer and their relatives. At the Hanover site, the sponsorship scheme run by employees of TUI companies for many years now benefited the children's relief organisation 'Hilfe für hungernde Kinder' in 2006.

Sponsorships

**Promotion of
non-profit organisations**

More than 300 TUI Leisure Travel travel agencies collected around € 20,000 for the '6 villages for 2006' project of 'SOS Kinderdörfer', contributing to the establishment of new children's villages in Brazil, Mexico, Nigeria, South Africa, Ukraine and Vietnam. For the fourth time in succession, TUI Austria and TUI AG supported the international adventure and education network 'Kids for Freedom' (K4F). Around 60 deprived children from seven nations were offered a sailing trip in Turkey with trained youth workers. As before, the RTL sponsorship marathon was actively supported by the Group in 2006. Hapagfly staff collected around € 140,000 with air passengers for various child aid projects. Several group companies in the tourism division also continued their worldwide activities to protect children against sexual abuse, e.g. by supporting the ECPAT organisation. Hapag-Lloyd continued its long-standing sponsorship schemes for children in China in cooperation with the aid organisation Plan International.

The monthly contributions are used to finance community projects, schools, wells and basic health care in the children's villages.

**Projects and initiatives
in the destinations**

All tourism companies of the TUI Group particularly focused on activities in the destinations. Hapagfly carried around 17 tonnes of medical aid goods to Sudan for the German Red Cross (DRK). In addition, the airline collected around € 50,000 on its flights, also benefiting DRK projects. RIU and TUI Deutschland supported the modernisation and expansion of the primary school Kim Barosa in the Cape Verde islands. In Kenya, TUI sponsored two youth clubs which inform young people, among others, about AIDS. TUI Dominicana supported the Patria Foundation, which is establishing an internet library for children and adults in Puerto Plata. Another project sponsored in the Dominican Republic was a project to fight poverty, launched by TUI Nordic in cooperation with the Cordaid organisation. In cooperation with Tourism for Development (TFD), Nouvelles Frontières supported various projects in Kenya, Tanzania, Morocco, Brazil, Cambodia and the Dominican Republic.

TUI Foundation

More information
■ www.tui-stiftung.de

Activities by the Foundations

Sponsorship of the scientific research activities accompanying the project 'Prevention by means of early promotion' for children from highest-risk families by the Criminological Research Institute of Lower Saxony was intensified. Thanks to sponsorship of the 2006 training campaign, ten additional vocational training placements were created for disadvantaged young people. In addition, the TUI Foundation supported the START project run by the non-profit Hertie Foundation, promoting particularly talented pupils with a migration background. In terms of the sponsorship of scientific projects, the Rudolf Schoen Award was awarded for the nineteenth time in 2006 to honour the best scientific publication at the Medical University of Hanover.

Hapag-Lloyd Foundation

More information
■ www.hapag-lloyd.de

Cooperation with selected partners at the Hamburg site was continued in 2006. The promotion of young artists and talents played an essential role. Outstanding projects included sponsorship of 'Junges Schauspielhaus' in Hamburg, the St. Pauli Theatre, the Young Music Theatre Forum and the restoration training placement for Hamburg-based museums.

Scientific cooperation schemes

More information
■ www.tui-campus.de

TUI attaches particular importance to the promotion of innovation in the tourism sector and close cooperation with universities and research institutions. In 2006, the Group founded TUI Campus, a scientific network initiative. In the framework of this project, symposia will be organised twice a year to bring experts and practitioners together for an exchange of information and views concerning issues related to tourism and communication science.