

Sustainable Development **Social responsibility for employees. Environmental quality management. Corporate citizenship.**

In order to ensure that the Group achieves its economic, ecological and social objectives to an equal extent, one of TUI's key concerns remains to link its core business processes with relevant sustainability indicators. This approach secures the competitiveness of the individual companies, promotes the potential of Group employees, places Group-wide cooperation with social stakeholders on a systematic basis and improves efficiency in the use of natural resources at the corporate sites and in the holiday destinations.

In July 2007, TUI AG published its sustainability report 'Managing sustainably in the TUI Group: Sustainable development underpinned by Corporate Social Responsibility'. The organisational structures for good environmental and social governance documented in the report and the 'extrafinancial' environmental management performance in tourism and shipping underpin the significant development of Group companies in the implementation of their social responsibility for employees, the environment and society in the 2006/2007 reporting period.



Junior staff development and training

TUI's convincing sustainability performance in 2007 was reconfirmed by international rating agencies and sustainability analysts: TUI AG is the world's only tourism company in the Travel & Tourism subsector that remained listed in the Dow Jones Sustainability Index (DJSI) World. TUI also defended its position in the international ethics indices FTSE4Good, ASPI Eurozone and Ethibel Pioneer Index. With effect from 31 January 2007, TUI AG was admitted to the ECPI Ethical Index Euro. In September 2007, oekom Research AG prepared a corporate responsibility rating for TUI, awarding the Company the investment status rating 'prime'.

Employees

One of the key aspects in the Group's HR activities in 2007 was to promote the commitment, qualification and motivation of its employees. The focus was on initial, ongoing and further training as well as a welter of activities concerning pension schemes and health promotion.

Initial, ongoing and further training

Junior staff development and good internal training play a crucial role in ensuring the competitiveness of Group companies. A total of 720 young employees participated 2007 in training schemes of German companies. Around 75% of the staff in training who finished their training in 2007 closed a work contract. The proportion of staff in training rose from 6.5% to 6.7% and was thus kept at the previous year's high level. TUI again participated in the 'Fit for a job application' project in 2007. Within this project, TUI HR managers supported young people in compiling their job application documents and preparing for job interviews.

Development of senior and executive staff

The steady expansion of HR development activities for senior and executive staff was reconfigured in 2007. Following the inclusion of methods for international top management into capability analysis procedures in 2006, activities focused in particular on the implementation and assessment of personalised development schemes for this group of participants in 2007. Besides specific technical programmes, demand rose for executive coaching. The trainee programme and HR activities for middle management functions focused on providing junior staff with the skills needed to meet the increasingly complex requirements. These groups of employees also increasingly benefited from coaching as a measure to promote the personal development of individuals.

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 cosponsorship (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 again in 2007.

Part-time early retirement

In German Group companies, around 360 employees worked under part-time early retirement contracts in 2007. 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. € 15.5 million in 2007 for this purpose.

Health promotion

In accordance with the Luxembourg Declaration on Workplace Health Promotion in the European Union, signed by TUI AG in 2006, a number of measures to emphasise the role of health and well-being at the workplace were initiated. A health programme called 'fit with TUI' was prepared for the employees. Under this programme, the German Group companies offer their employees a comprehensive range of health promotion schemes. In addition, target group-specific health seminars, academy evenings focusing on health issues as well as programmes for the prevention of addictive behaviour were offered alongside company sports schemes, cooperation with fitness centres, and wellness programmes. Moreover, employees were free to participate in campaigns run every year such as flu vaccination, cancer check-ups and therapy programmes for employees with back problems. Health promotion programmes are devised and implemented in cooperation with employees. A mutual exchange of views is secured through regular employee surveys, Group-level meetings of the health coordinators in TUI's Health Network and the debates in local and Group committees.

Company health insurance fund

In the financial year under review, BKK TUI considerably expanded its company health promotion activities. Group companies now offer a large number of individual programmes under the aegis of the BKK, including programmes to prevent musculoskeletal diseases, flu vaccination and diet programmes. Programmes to protect non-smokers had been introduced throughout the Company long before the corresponding statutory activities took effect. The commitment of the companies participating in the programmes was honoured in the form of bonus payments benefiting both the company and its employees. As a result, the arithmetic obligation for 2007 fell to 12.3%, a rate below the average rate charged in Germany.

Health and safety

The Group companies again implemented a large number of health and safety programmes. Besides the tried-and-tested activities such as workplace visits, the preparation of hazard analyses, participation in the preparation of escape and emergency schemes or the permanent training of first-aid and fire protection assistants, interactive instructions for hazardous events were developed and introduced.

Work-life balance

TUI is one of the founder members of the national network 'Success factor family'. The individual Group companies have concluded company agreements in order to support employees in reaching a work-life balance. These efforts are supported by flexible working hour schemes such as part-time and telework schemes, financial support for childcare and the possibility to apply for unpaid leave in order to care for a family member that has fallen ill. At the Hanover site, the 'Little World of TUI', a company crèche offering all-day childcare, was established in 2006. The intranetbased TUI childcare exchange assists employees with children anywhere in Germany in finding appropriate childcare.

**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 decisions that also entailed headcount reductions. This included the integration of the tourism entities, except TUI Hotels & Resorts, in TUI Travel PLC, whereby the interests of employees and management were taken into account in a fair and balanced way.

TUI European Forum

The TUI European Forum was established in 1995. In addition to the statutory employee representative bodies required under national legislation, this forum currently comprises 54 workers' representatives from 18 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.

Further information on environmental protection:

- 'Environment' section in the management report
- www.tui-umwelt.com

Aircraft fuel savings thanks to continuous fleet renewal

Voluntary carbon offsetting by TUI air tours

Carbon Disclosure Project (CDP) 5

Partnership with UNEP = United Nations Environment Programme

Environmental management

The relevant environmental impact of the tourism and shipping divisions was determined as a part of an environmental aspect analysis based on ISO 14001 and taking account of international reporting guidelines (including the G3 Guidelines of the Global Reporting Initiative). Corresponding indicators were selected. Transparent and reproducible indicators were chosen to map the Group's many different activities.

Climate protection through energy efficiency

Greenhouse gas reduction is a global challenge. TUI therefore actively participates in the public debate on climate protection. Concerning greenhouse gas emissions, the debate focuses in particular on aviation. TUI's climate strategy primarily aims to increase its energy efficiency. The TUI Group's emissions data presented in the management report provide a sound basis for the launch of a continuous improvement process. By means of a gradual renewal of TUI's aircraft fleet, a total of 1.47 million tonnes of carbon dioxide is to be saved by 2014. With the introduction of Boeing 'Dreamliner' B787s, aircraft fuel consumption is to be reduced by one quarter in the corresponding long-haul segment. TUI airlines are among the first in Europe to integrate this aircraft into their fleets.

Since 2007 TUI has offered its customers the opportunity to offset greenhouse gas emissions resulting from air tours in cooperation with the 'myclimate' foundation. This foundation facilitates tangible climate protection by means of supporting projects to achieve greenhouse gas reductions. 'Myclimate' provides a conversion model showing TUI customers the proportional carbon dioxide (CO₂) emission of the flight they are about to book and the resulting amount of voluntary climate protection duty required to compensate for the CO₂ proportion. The donations made by TUI customers are used by 'myclimate' for a specific development aid projects in Eritrea in Africa. Besides the certified reduction in CO₂, this approach thus also helps to substantially improve the living conditions of people in that area. Other group companies such as TUI UK, TUI Nederland, TUI Nordic and Gebeco also offer voluntary schemes to offset aircraft emissions.

In container shipping, specific emissions per TEU were further reduced through the use of new state-of-the-art container ships with a capacity of 8,750 standard containers (TEU).

In 2007, the TUI Group again participated in the industry-wide carbon disclosure activities: TUI's emissions balance was described in the Carbon Disclosure Project (CDP) 5 alongside the strategic aspects of TUI's climate-related policy and was thus made accessible to analysts and investors.

The economy and biodiversity

In 2007, TUI cooperated with the Bonn Convention of the United Nations Environment Programme UNEP on the conservation of Migratory Species. The 'Year of the Dolphin' campaign, jointly continued in 2008, aims to continue to raise public awareness of dolphins as one of the most endangered species and to launch and implement initiatives to protect dolphins and their habitats.

As an exclusive sponsor of the campaign, TUI used its worldwide network in the destinations to organise distribution of a dolphin manual, prepared in cooperation with the WDCS Whale and Dolphin Conservation Society, in hundreds of local schools in various destinations. In selected destinations, complementary workshops were held in order to inform participants about the life of the marine mammals and raise awareness of risks and conservation measures. In view of the scope of the project and its alternative approach to education, UNESCO has chosen this campaign as part of the official project of the UN Decade 'Education for Sustainable Development'.

The International Whale and Dolphin Protection Conference held in Tenerife in October 2007 was strongly supported by TUI España, with contributions to the conference programme and assistance in organising and implementing the conference. One of the key results was the preparation of several framework agreements for the protection of small whales and dolphins in western Africa.

Specific activities in the destinations

In 2007, Robinson was again awarded the golden TUI Environmental Champion Award. In order for hotel partners to qualify for participation in the environmental quality contest, they have to take part in TUI's environmental monitoring scheme and comply with TUI's minimum standards for environmental quality. Iberotel Sarigerme Park was among the TUI Environmental Champions for the eleventh time and ranked first for the tenth time in succession. The TUI Hotels & Resorts hotel in Dalaman in Turkey has been spearheading ecological innovation for fifteen years.

TUI Environmental Champion for Hotels & Resorts

Further information
www.tui-ecohotel.com

Environmental quality label 'EcoResort'

Further information
www.ecoresort-tui.com



In the 2007 financial year, TUI Hotels & Resorts again awarded the environmental quality label 'EcoResort' for Group-owned hotel brands, following a review by external environmental experts. All hotels of this sector offer high performance, quality and environmental standards. The criteria to be met in order for a hotel to qualify for the 'EcoResort' label go substantially beyond these standards. 36 Group-owned hotel and club facilities were marked accordingly in the brochures for the 2008 summer season. Besides ecological quality assurance, the quality label aims to promote sustainable development in the holiday regions.

Corporate citizenship

Corporate citizenship is one of the key guidelines for TUI's entrepreneurial action and has been an integral element of its corporate strategy to secure sustainability for many years. TUI AG and its affiliates understand themselves as corporate citizens, contributing to the economic development and improvement in the quality of living in the worldwide corporate sites and tourism destinations.

Aid in the destinations

The Moroccan government developed the 'Moroccan Charter for Responsible Tourism'. In 2007, TUI signed the charter as a new member. The joint goal is to promote a development of tourism in harmony with culture, values and traditions as well as nature conservation and environmental protection.

**Projects and initiatives
in the destinations**

The construction of a hospital in the central Sudanese city of Kosti, financed by TUIfly donations and cosponsored by the German Red Cross, was completed in April 2007. Besides the donations, TUIfly organised, for the third time in succession, an annual transport of around 20 tonnes of aid to Sudan in December 2007.

In 2007, tour guides from the tour operator brand OFT Reisen working in Egypt participated in an intercultural training seminar for tour guides in developing countries. This was held in Cairo by the German Study Group for Tourism and Development. By the summer of 2009, all Egyptian OFT Reisen tour guides will complete the intercultural training and be certified accordingly.

On the occasion of the 15th anniversary of the German Foundation for World Population in 2007, TUI AG assumed sponsorship for two youth clubs in Kenya whose activities include education and information about AIDS.

Support for disadvantaged children and young people

The sponsorship scheme run by TUI employees in Hanover supported in 2007 the local relief organisation 'Hilfe für hungernde Kinder' ('help for starving children') for the second consecutive year. The initiative supports more than 700 children in six sponsored schools and two further facilities where poverty and hunger are very prevalent.

A large number of Group companies in the tourism division continued their worldwide commitment in 2007, to the protection of children against sexual abuse. This was primarily within the ECPAT organisation.

Activities by the foundations

In 2007, the TUI Foundation sponsored more than twenty selected projects in the four main sponsorship areas: science and research, school projects, qualification schemes for unemployed young people, and culture and arts.

In science and research, the focus again was on the project 'Prevention by means of early promotion' by the Criminological Research Institute of Lower Saxony, aimed at supporting children from highest-risk families. Sponsorship of scientific projects in 2007 included the award, for the 20th time, of the Rudolf Schoen Award for the best scientific publication at the Medical University of Hanover.

In cooperation with the Landesverband Paritätischer Niedersachsen e. V. (regional federation of social welfare associations), nine apprenticeship placements for disadvantaged young people were sponsored. In addition, the TUI Foundation supported the START project run by the non-profit Hertie foundation, promoting particularly talented young people with a migration background. In culture and arts, the focus was on theatre projects with and for children and young people. Examples include sponsorship of a project to prevent violence at the newly established Junges Schauspiel Hannover.

TUI sponsorship

TUI Foundation

***Further information
www.tui-stiftung.de***

Hapag-Lloyd Foundation

Further information
www.hapag-lloyd.de

Sponsorship of cultural projects is an integral element of Hapag-Lloyd's entrepreneurial mission. In 2007, cooperation with selected partners at the Hanover site continued through the Hapag-Lloyd Foundation. As before, the promotion of young artists and talents played an essential role. Outstanding projects included sponsorship of Junges Schauspielhaus in Hamburg, the St. Pauli Theater, the Junges Forum Musik Theater and the restoration training placement for Hamburg-based museums. In addition, the Hapag-Lloyd Foundation sponsored the children relief organisation Plan International by means of assuming sponsorships in China and successfully involved the employees of Hapag-Lloyd AG in this activity.

Scientific cooperation schemes

Further 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 February 2007 the second TUI Campus Symposium was held in Berlin. With TUI Campus, the Group promoted regular dialogue between economists and scientists in order to obtain stimuli for the development of its own business from prestigious institutions.