

Module: Introduction

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0.1

Introduction

Please give a general description and introduction to your organization

TUI Travel PLC is the world's leading international leisure travel group operating in approximately 180 countries worldwide. It serves more than 30 million customers in over 27 source markets. Headquartered in the UK, the Group employs approximately 49,000 people and operates a pan-European airline consisting of 143 aircraft. The company is organised and managed through four business Sectors: Mainstream, Specialist & Activity, Accommodation & Destinations and Emerging Markets. In the financial year ended 30 September 2010 TUI Travel had revenues of £13.5bn and an underlying operating profit before tax of £447m. TUI Travel was created in 2007 by the merger of TUI Group's retail section, tour operating business, airlines and incoming activities merged with the British company First Choice Holidays PLC. TUI Travel PLC is listed on the London Stock Exchange.

0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Thu 01 Oct 2009 - Thu 30 Sep 2010

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country
Austria
Belgium
Czech Republic
Denmark
Finland
France
Germany
Hungary
Ireland
Italy
Luxembourg
Netherlands
Poland
Slovenia
Spain
Sweden
United Kingdom
Norway
Russia
Switzerland
Ukraine
United States of America
Canada
Australia
New Zealand
China
India
Rest of world
International Air Space
International Waters

Select country
Cyprus
Dominican Republic
Egypt
Greece
Mexico
Morocco
Portugal
Thailand
Tunisia
Turkey
Bulgaria
Guadeloups
Martinique
Mauritius
Senegal

0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

GBP (£)

1.1

Where is the highest level of direct responsibility for climate change within your company?

Individual/Sub-set of the Board or other committee appointed by the Board

1.1a

Please identify the position of the individual or name of the committee with this responsibility

The highest level of responsibility is with a member of the PLC Board i.e. Johan Lundgren (MD, TUI Northern Region) who is responsible for reporting on sustainability (including carbon management/climate change issues) to the PLC Board. At Group Management Board level (GMB), Jacky Simmonds (Group HR Director, TUI Travel PLC) is responsible for reporting on key sustainable development issues to this board. The GMB acts as the SD Steering Committee and sets the strategic direction and long-term objectives for sustainable development. Members of the Board have been working during 2010 with PwC to prioritise sustainable development risks and opportunities. Jacky Simmonds, receives monthly reports from the Group Sustainable Development department including progress on carbon management and performance.

1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

1.2a

Please complete the table

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
Corporate executive team	Monetary reward	Bonus paid out if a number of targets met – including SD/carbon management related are achieved.
Management group	Monetary reward	Bonus only paid out if targets met - Environment is one target. (TUI Nordic)
Management group	Monetary reward	Bonus only paid out if targets met e.g. Thomson Airways remains one of Europe's greenest airlines (Holidays Forever Commitment). Also receive recognition. (TUI UK)
Environment/sustainability managers	Monetary reward	SD Team Members and those with direct responsibility for sustainability performance within their remit have objectives in support of TUI UK SD strategy, made up of 20 "Holidays Forever" commitments signed off at UK Board level. (TUI UK)
Environment/sustainability managers	Monetary reward	Level of resource reduction achieved including energy & heating. (TUI CE)
Environment/sustainability managers	Monetary reward	Achievement of Carbon Management target. (TUI Travel PLC)
Facility managers	Monetary reward	Achievement of Carbon Management targets. (TUI UK)
Other: TUI Travel Hotel Managers	Monetary reward	Hotel management and staff are incentivised. They are set electricity, water, fuel and gas consumption targets. The award may be in a form of holidays in one of the hotels of the group or financial award.

Attachments

[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/1.Governance/Group and UK SD Org Chart and Structure 040111.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/1.Governance/Group%20and%20UK%20SD%20Org%20Chart%20and%20Structure%20040111.pdf)

2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

2.1a

Please provide further details (see guidance)

Effective and appropriate enterprise-wide risk management [ERM] remains key to the delivery of our business objectives and strategic goals. The framework strives to improve operational performance, reduce losses and protect and enhance shareholder value in the pursuit of the Groups' strategic imperatives. Carbon Management is an identified risk communicated within the TTP Annual Report & Accounts. A key way of demonstrating how climate change issues are incorporated into TTP's business strategy is care of the CO2 emissions/RPK being one of five KPIs reported within the annual report (see attached page from ARA).

The Group aims to link sustainability with key business objectives and strategic goals which are also closely aligned to the Group's established ERM framework. The framework has been designed in compliance with German & UK corporate governance requirements and is used to facilitate the early identification and evaluation of risks on a quarterly basis to ensure challenges are prioritised and managed accordingly. Risks are evaluated on a two-dimensional basis taking in to consideration the potential impact & likelihood and are measured over a timeframe relevant to the type of risk. The Group is currently in the process of formally defining its risk appetite and introducing new methods to enhance its risk management capability including the introduction of a third dimension 'risk velocity'.

Risks are considered in the context of longer-term strategic and emerging threats; medium challenges associated with business change programmes; shorter-term risks triggered by the changing external environment; and shorter-term risks in relation to internal operations. Examples of business risks include those associated with operating within a highly regulated environment, exposure to political volatility & natural catastrophes, changing consumer preferences & behaviour, keeping up with the latest IT developments. Please refer to the attached 2010 Annual Report for TTP Principal Risks (page 20 - 23). We have both a Group SD risk register and several business specific sustainable development risk registers.

All key areas of the business adopt the Group's uniform ERM approach - closely linked to the strategic planning process. It is the responsibility of senior management teams and Sector Boards across the Group to review, challenge and agree the risk profile for their area of responsibility and to ensure resource is allocated effectively to manage risk and maximise opportunities. The most appropriate response method (terminate/reduce/accept/pass on) is identified to ensure risk is managed within justifiable & tolerable levels. A web-based risk reporting system is used to collect, analyse, monitor & report risk status. All relevant risks are consolidated and aggregated and tools (including the use of heat maps), have been developed to understand the relative priority of the risks at varying levels across the Group. In addition Group Risk Management (GRM) consolidates all risks identified by the businesses to create the Group Risk Profile which is presented to the Audit Committee (AC) & Group Risk Management Committee (GRMC) for half yearly review & challenge. In addition to GRM, the AC & GRMC are also responsible for monitoring and challenging the Group's risk response strategies.

TTP's CFO chairs the GRMC which comprises all members of the GMB, Director of Group Audit Services and Group Treasurer. The GRMC, a sub-set of the GMB, is responsible for setting the 'tone at the top' and supports the continuous improvement that is needed for risk management to function effectively through ensuring management of risk is at the heart of our day-to-day operations and considered during the business planning and strategy setting processes. The GRMC is also responsible for identification of risks associated to the delivery our strategic imperatives from a Board perspective and ensuring that these 'Top-Down' risks are owned and appropriately mitigated across the Group or managed at Board level where required

Any risks (including SD issues) that could impact on business objectives or strategic goals at either a business or Group level are closely monitored and managed accordingly. The framework seeks to provide reasonable comfort that potential significant exposures to the Group are identified and appropriate mitigation plans developed and implemented. On behalf of the Board both internal & external auditors conduct a review of the effectiveness of the company's risk management and internal control systems on at least an annual basis.

In 2008, TTP commissioned Forum for the Future to develop a factbase of SD issues for all business MDs to consider in developing business strategies.

In summer 2010, our CFO commissioned a piece of strategic SD consultancy from PwC to help the GMB prioritise sustainable development risks and opportunities within the Group. The format followed the four main strategic SD pillars of TUI Travel (TTP), i.e. including carbon management. One of their key recommendations was to better quantify SD risk – including climate change risk, e.g. within key destinations and locations. Carbon management risks identified included those at an asset as well as those at a co.level. Focus was on the type of risks and opportunities such as regulatory, customer behaviour changes, reputational and weather-related items. For example:

1. Airline – to improve group-wide carbon data overview and emission reporting in preparation for Phase 3 of the EU ETS
2. CER investment encouraged to fulfil EU ETS liability, noting that CER prices could potentially increase 3-fold by 2013.
3. Biofuels – to consider TTP's positioning on biofuels including potential to structure/enter initial purchasing arrangements
4. Consider more prominent promotion of relative efficiency of our Airlines to customers
5. Carbon Reduction Commitment (CRC) legislation 2010 – risks identified with the preparation for the 1st Phase 1.

A detailed review of the progress towards these has just been complete to ensure that these principal carbon management risks are appropriately tackled and addressed and 95% of the work to meet these risks to asset and business divisions have been addressed.

In addition, at the start of the 10/11 FY, a project was initiated within TTP to review the key SD and carbon management risks within TTP's destinations working in partnership with a consultant as well as a cohort of International Management Trainees. Once the project is complete, the outputs will be to arrive at a set of interventions that TTP and the tourism industry at large can act upon to address these SD Challenges within destinations. The project will help to outline, by way of demonstration initially, the safeguards that need to be taken to protect destinations for future generations.

2.2

Is climate change integrated into your business strategy?

Yes

2.2a

Please describe the process and outcomes (see guidance)

As a tourism group TTP takes its responsibilities very seriously and is working to ensure that SD aligns with the Group's key strategic priorities. In his Chairman's statement included within the TTP 2010 Annual Report & Accounts (ARA), Dr Michael Frenzel highlighted the importance of carbon management for the Group: "As a leading tour operator, our challenge is to prepare for a low-carbon society by further reducing our environmental impacts". Peter Long, TTP's CEO also addressed the issue of SD in his CEO interview, also contained within the TTP 2010 ARA: "We're very focused on sustainable tourism and we're looking constantly at ways of reducing the level of carbon emissions as we transport and take our customers on holiday." Page 11, 2010 ARA.

Business opportunities are identified through TTP's strategic planning 'Managing for Value' process, facilitating individual businesses to develop a factbase on their operations, identify issues & opportunities taking in to consideration the balance of risk versus reward, they complete a 5 year evaluation plan and approvals process at Board level. TTP's Group Strategy Dep drives this process across the organisation. Any risks (including SD issues) that could impact on TTP's strategy delivery are closely monitored & managed.

The TTP SD team and the SD Co-ordinators work closely with the senior management teams within their parts of the business to implement appropriate targets and programmes of work to address carbon management and its associated challenges. The business is clear that in its simplest form, if the use of fossil fuels and energy can be reduced it will have material benefits for the company bottom line as well as the wider environment and society.

TTP has four strategic priorities to address our SD challenges – these are:

- (1) Carbon management
- (2) Destinations
- (3) Our colleagues
- (4) Our customers

[See attachment - TUI Travel SD Strategy and Corporate Strategy]

TTP's 4 strategic business imperatives align closely with the four pillars of its SD strategy:

- (1) Product & Content objectives link with SD initiatives in Destinations
- (2) Work on Distribution & Brands fits with work conducted with Customers on SD issues
- (3) Business focus on People & Operational Effectiveness matches SD initiatives with our Colleagues
- (4) Growth & Capital Allocation is enhanced by TTP's focus on effective Carbon Management

The carbon targets across the business are to drive carbon reductions as well as to improve financial performance – this helps to create greater return on shareholder capital and is enlightened self-interest from a business sustainability viewpoint.

A good example of the short-term strategy that has been influenced by climate change is associated with our Flagship Hotels. Following the strategic SD work TTP did with PwC in summer 2010, carbon management risks and opportunities are increasingly being embedded into the way the Sectors of TTP operate. The current utility profile of our Flagship Hotel properties (across many source markets) has been detailed with a view to reducing usage and emissions, to ensure costs and carbon are driven out of the operating expenditure and to help future-proof these properties from potential higher costs in destinations imposed by growing climate change legislation.

A good example of the long-term strategy that has been influenced by climate change is associated with our procurement of the Boeing 787 Dreamliner (B787) – an investment decision made a number of years ago by the then two UK Airlines of FC Holidays & Thomson pre-merger. TUI UK's airline, Thomson Airways, is scheduled to be the UK launch customer for the Dreamliner in 2012 and this will offer TUI Travel competitive advantage on account of we will be flying these next generation aircraft sooner than our direct competitors. Part of the decision to procure this aircraft (along with the additional customer experience benefits it will afford) was based on its next generation fuel-saving and therefore carbon saving features - including:

- 20% lower fuel burn than a comparably-sized aircraft operating today.
- Carbon dioxide emissions per revenue passenger kilometre range from 61-95g (depending on configuration and density).
- 28% less NOx (oxides of nitrogen) than 2008 industry regulatory limit.
- Smooth wing technology (7% better aerodynamically) and state-of-the-art raked tip for greater fuel efficiency.
- 60% lower noise levels than a comparably sized aircraft operating today

In addition, The TUI Airlines have formed a Biofuel Working Group to closely monitor the development of alternative fuels for aircraft, chaired by the Thomson Airways Environment Manager. It has prepared a strategy which has been presented to and approved by the TUI Airline MDs. It contains, among other things, the potential investment opportunities for biofuels as a future way to limit the reliance on fossil fuels and to benefit from the reduced liabilities under EU ETS by using biofuels as part of the fuel mix of powering aircraft.

The TUI Airlines are a member of SAFUG (Sustainable Aviation Fuel Users Group) which having been formed in 2008 as an airline industry voluntary coalition initiative, is committed to accelerating the development and commercialisation of sustainable aviation biofuel. SAFUG members believe that policy mechanisms, such as the EU Emissions Trading System (EU ETS), should serve to meet this objective and with support and advice from the world's leading environmental organizations such as the Natural Resources Defense Council and the Roundtable for Sustainable Biofuels (RSB), seek to influence policymakers and other stakeholders for aviation biofuel to be placed on a level playing field with ground transportation fuels, as well as being appropriately accounted for in EU ETS legislation which takes effect from January 2012.

In early 2011, a substantial business decision came to fruition, whereby Boeing 737-800's started to enter the Thomson Airways fleet. These brand new aircraft, replete with fuel-saving winglets (included at the time of manufacture) are replacing the older Boeing 737 Classic aircraft (737-300's, 400'S & 500's) within Thomson Airways, the Group's largest airline. The extent of this investment is multi-million, (exact figures cannot be disclosed). The fuel-efficiency improvements are c. 12-15% versus the older aircraft and as fuel saving is so closely aligned to carbon savings this is a real win-win and helping to future-proof fuel and carbon costs for the business.

Through work at the Board level this alignment between sustainability and strategy will be driven forward & deeper in the future. TTP's challenge is to understand how the industry can optimise its social, economic & environmental benefits for all concerned. TTP's goal in this respect is to make travel experiences special by providing holidays that cause minimal environmental impact, respect

2.2b

Please explain why not

2.3

Do you engage with policy makers to encourage further action on mitigation and/or adaptation?

Yes

2.3a

Please explain (i) the engagement process and (ii) actions you are advocating

TTP's UK [where it is both head-quartered & listed on the London Stock Exchange] & European Airline colleagues aim to educate UK Government officials, MEPs & EU officials within various Directorates (including Transport & Environment) and officials in TTP's European source markets (e.g. transport & environment ministries within Germany, the home of TUIfly), about current operation of the industry & the impact future policy will have on the operation of the UK & European industries. TTP's colleagues also aim to ensure that steps being taken to improve TTP's airline fuel efficiency, for example, are communicated to policy makers so they are made aware of the efforts being undertaken by the industry so that a more equitable taxation regime that properly rewards and incentivises efficient use of aircraft is created. Within the European sphere, through IACA, TTP has maintained a lobbying position that blunt taxes are not the answer to carbon efficiency & a global approach to emissions trading is what is required vis a vis unilateral action by the EU.

TUI Deutschland (TUI D) hosted 'Learn from the Best' environmental conferences for hoteliers for the past 2 years. The first of these took place in Turkey, June '10. The topic was 'Environmental hotel management and the development of the region of Antalya'. Speakers included the mayor of Antalya, representatives from hotel associations and hoteliers based in the region. Sessions included the environmental commitment of TUI D, environmental guidelines for hotels, sustainable use of resources, energy & waste management. The conference included a panel discussion with e.g. the City Council of Antalya, the Department for Environmental Protection and Nature in the Ministry for Culture and Tourism, the Turkish Hotels Federation (TÜROFED) and TUI D to debate "How should hoteliers react to the growing demands in the area of environmental and climate protection?" This event therefore offered a real opportunity to engage destination stakeholders in discussion of climate change and carbon management, among other SD topics.

TUI D held a conference on Gran Canaria and Tenerife in Jan '11 with the main focus of energy management in hotels. Speakers on the day included the Vice Minister of Tourism of the Canary Islands, the Vice Minister of Industry & Energy from the Canary Islands Government and the Chairman of the Town Council of Tenerife. As a responsible Tour Operator in our destinations we operate in, such events offer an opportunity to demonstrate our SD credentials and commitment to making changes to the operations of our contracted hotels to reduce emissions and help to safeguard these destinations in the future.

In March 2011, TUI D presented at 5 ITB (International Tourism Bourse in Berlin) events on sustainable tourism, including 'CSR & Sustainability: Our Common Future', showcasing the work of Futouris – a German industry sustainable tourism charity similar to the Travel Foundation in the UK. TUI Travel was represented by TUI D and Group SD Dept. at these events which are well attended by stakeholders from across the spectrum involved with tourism.

TTP aspires to lead industry & lobby for sustainability to be embraced as a business issue on which the industry's future health depends. As well as partnerships, TUI Travel middle & senior management colleagues are regular public advocates for more sustainable tourism – this is a small selection of the carbon management specific presentations that took place in the reporting year:

- A number of Group SD Dept. colleagues have spoken and debated with tourism students at Manchester Metropolitan, Bournemouth & London Metropolitan Universities on the topic of 'Taking Climate Change and Sustainable Tourism Seriously – how a tour operator is responding'
- Debate on climate change at ITT conference;
- SD reporting presentation (incorporating carbon management) at 2 Degrees conference;
- Responsible Tourism Marketing at TUI Travel at Leeds Metropolitan University
- 'Live the Dreamliner' – Thomson Airways and the 787 Environmental Responsibility at the International Airshow, Farnborough
- Participation at the Sustainable Aviation Fuel Users Group (SAFUG) update conference
- Presentation (via videolink) to Harvard University staff and students on Strategies for Carbon Management, 2010 and Beyond

Attachments

[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/2.Strategy/Page19 from TUI_Annual_Report_2010 - KPIs.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/2.Strategy/Page19%20from%20TUI_Annual_Report_2010_-_KPIs.pdf)

[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/2.Strategy/TUI Travel SD Strategy and Corporate Strategy.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/2.Strategy/TUI%20Travel%20SD%20Strategy%20and%20Corporate%20Strategy.pdf)

3.1

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute target

3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
T1	Scope 1	92%	6%	2008	6016083	2014	TUI Travel airlines emitted 6,016,083 tonnes of carbon dioxide in 2007/08 - the 6% reduction target set in Summer 2009 is both an intensity (relative target) as well as an absolute target - to be achieved by 2013/2014.
T2	Scope 1	0.23%	5%	2008	15165	2010	Achieve a 5% reduction in carbon emissions from Thomson Cruises' Egyptian cruise programme in 2009/10 versus 2007/08 baseline.
T3	Scope 2	14%	7%	2009	14328	2010	Reduce Thomson and First Choice shops carbon emissions by 7%.
T4	Scope 2	8%	5%	2008	4071	2011	Reduce TUI Deutschland's head office energy consumption by 5% by the end of 2011.
T5	Scope 3: Purchased goods and services	12%	5%	2009	5285	2010	Reduce brochure printing by 5% by the end of 2010 (printing more than 300 million fewer brochure pages).

3.1d

Please provide details on your progress against this target made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
T1	50%	37.5%	Target on track for completion by 2013/14. TUI Travel will continue to rollout more fuel-efficient aircraft during the timeframe of the target.
T2	100%	100%	Achieved a 8.5% reduction in carbon emissions from Thomson Cruises' Egyptian cruise programme in 2009/10 versus 2007/08 baseline (exceeding the 5% reduction target).
T3	100%	100%	TUI UK Retail set itself a 7% electricity reduction target (but achieved 8% and exceeded this target). The estimated tonnes of CO2 avoided = 1,500 and there was a saving of c. 2M kWh. This was in part achieved by upgrading Air Conditioning Equipment at a cost of c. £800k covering c. 25% of the shops. The new equipment is c. 40% more energy-efficient and the programme will continue this year in earnest to ensure all the a/c units are up to standard by 2014.
T4	50%	50%	Target on-track for completion by 30/9/11 (against 2008/2009 baseline)
T5	100%	100%	TUI UK Retail - Reduced its brochure printing by 8% during the FY09/10 (exceeding its 5% reduction target) thereby printing 355M fewer brochure pages, saving ink, energy & resources as well. In addition, more than 950 tonnes of CO2 were avoided.

3.2

Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

No

3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

3.3a

Please provide details in the table below

Activity type	Description of activity	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
Transportation: use	Scope 1 – Voluntary Initiative – One-off Thomson Airways - the cost of fitting winglets is commercially confidential but the paybacks are around a year and can save some 4,500 tonnes of CO2 a year for each aircraft. The deployment of winglets saved around 35,741 tonnes of CO2 for the Thomson Airways fleet (the largest Airline in the Group) as well as saving 11,346 tonnes of fuel in 2009/10 FY providing considerable financial savings. The average market price per tonne for JETA1 during 09/10 FY was \$693 (£445 based on average exchange rates for STG/USD as reported in the TTP Annual Report 2010).	5000000	0	1-3 years
Transportation: use	Scope 1 – Voluntary Initiative – One-off Thomson Airways – achieved their target to remove 6.5 tonnes of excess weight from their planes by the end of the FY09/10 – e.g. from the areas of Engineering & Catering – removing extraneous and non-essential weight from the aircraft. The CO2 saving estimated is c. 16,000 tonnes equating to more than 5,000 tonnes of kerosene saved. The average market price for JETA1 during 09/10 FY was \$693 (£445 based on average exchange rates for STG/USD as reported in the TTP ARA 2010) and so the total financial saving was C. £2.3m. Management & colleague time required to investigate and implement changes to make the savings across Engineering and Catering operations.	2300000	0	<1 year
Transportation: use	Scope 1 – Voluntary Initiative – Each year Fuel Conservation on-board the TUI Airlines - 26,000 tonnes of CO2 and more than 8,000 tonnes of kerosene was saved due to TUI Travel airlines' fuel conservation programmes. The average market price per tonne for JETA1 during 09/10 FY was \$693 (£445 based on average exchange rates for STG/USD as reported in the TTP ARA 2010) and so the total financial saving was £3.7M. With respect to the investment required, this was modest - the majority of the fuel conservation initiatives are changes in practices, procedures or education of pilots re flying techniques. Having worked on fuel-conservation initiatives for years, the “easy wins” have been achieved.	3700000	0	<1 year
Energy efficiency: processes	Scope 3 – Voluntary Initiative - Each year TUI UK Retail - Reduced its brochure printing by 6.5% during the FY09/10 (exceeding its 5% reduction target) thereby printing 355M fewer brochure pages, saving ink, energy & resources as well. In addition, more than 950 tonnes of CO2 were avoided. Minimal investment required (management & colleague time required).	400000	0	1-3 years

Energy efficiency: building services	Scope 2 – Voluntary Initiative - Each year TUI UK Retail set itself a 7% electricity reduction target (but achieved 8% and exceeded this target). The estimated tonnes of CO2 avoided was 1,500 and there was a saving of c. 2M kWh. This was in part achieved by upgrading Air Conditioning Equipment at a cost of c. £800k covering c. 25% of the shops. The new equipment is c. 40% more energy-efficient and the programme will continue this year in earnest to ensure all the a/c units are up to standard by 2014.	250000	800000	>3 years
Transportation: use	Scope 1 – Voluntary Initiative – one-off Thomson Cruises - achieved a 8.5% reduction in carbon emissions from Thomson Cruises' Egyptian cruise programme in 2009/10 versus 2007/08 baseline (exceeding the 5% reduction target). On account of the Cruise Programme expanding in that time (19 weeks of operation in 07/08 and 24 in 09/10 weeks), there was in effect a relative (or normalised) reduction rather than an absolute reduction. The improvement was derived from better fuel-efficiency and route planning. Minimal management & colleague time required to make amendments to the itinerary planning and engine operations. The average market price per tonne for cruise fuel during 09/10 FY was \$434 (£278 based on average exchange rates for STG/USD as reported in the TTP Annual Report 2010).	116000	0	<1 year

3.3b

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Regulatory requirement is a driver within any business to help create focus on a particular issue and taking appropriate action. A case in point would be the introduction of the UK Government's CRC Energy Efficiency Scheme in April 2010. This encouraged management focus within TUI Travel's UK businesses to, for example, prioritise the installation of the Automatic Meter Readers for electricity usage across the TUI UK Retail Estate – more than 800 shops - to help better manage utility usage. In addition, environmental and carbon management data processes have been reviewed as part of TUI UK's Carbon Trust Standard certification process.
Dedicated budget for energy efficiency	In addition to the example given above for the "Compliance with regulatory requirements/standards", TUI UK has been rolling out much more energy-efficient HVAC equipment across Retail stores to ensure these help to reduce the bottom line cost of running the stores as well as reduce carbon emissions. During the 2009/10 FY, 25% of the TUI UK shops were re-engineered with new equipment that is c. 40% more energy-efficient and the programme will continue this year in earnest to ensure all the a/c units are up to standard by 2014.
Dedicated budget for other emission reduction activities	The role of the Group SD Department as well as the SD Co-ordinators who are based around the business is to, among other things, work towards driving carbon down throughout the business in a shift to a low-carbon operation – this makes environmental as much as financial sense. To this end, the existence of these two cohorts is evidence that there is a dedicated budget for emission reduction activities. With five major sources of carbon emissions to tackle (aviation, cruise, hotels, major premises & ground transportation) targets and initiatives across the board are necessary. The Group SD Department is responsible for driving TTP's continual improvement of its sustainability performance and works closely with other Group departments and a network of SD Coordinators in each Sector and major geographical region. SD Coordinators report on SD issues directly to their Sector MD and identify Group and sector-specific targets, collate performance data and develop and implement SD strategy, supported by a network of Champions in individual businesses. Over 40 FTEs now work on SD issues Group-wide.

Method	Comment
Financial optimization calculations	For the TUI Airlines this is an absolute must when it comes to day-to-day running of the airlines. Cost indices are developed to see where and which routes operated by which aircraft are optimal. Kerosene is an expensive commodity and obviously has a carbon impact for every tonne of fuel burnt.
Marginal abatement cost curve	This is a methodology that colleagues in TUI UK IT department are now exploring as part of the project management tool to guide and monitor investment, operational decisions and performance associated with TUI UK's Holidays Forever commitments – i.e. one of which is to reduce carbon emissions from our IT operations by 30% over three years. We'll be moving onto more energy efficient computers and printers, and using greener internet servers.
Employee engagement	There are many initiatives on-going to drive employee engagement. "Our Colleagues" is one of our key strategic SD pillars for TUI Travel PLC. As previously outlined, achievement of behavioural change through employee engagement is a key initiative for TUI Travel – despite the majority of our emissions originating from the TUI Airlines and Cruise ships – there is still a sizeable absolute tonnage of carbon emissions from our Head Office premises that we can tackle and are tackling working towards behavioural change. For example a regular Green Weeks in our TUI Deutschland Head Office and TUI UK using its Holidays Forever commitments to boost interest and buy-in from UK colleagues. We've embedded sustainability into personal objectives for colleagues identified as instrumental in the delivery of the 3 year sustainable development strategy as well as incorporating SD (incorporating carbon management within the TUI Travel Management Trainee programme).
Internal price of carbon	Not yet applicable. However, TUI Travel closely monitors the developments in prices for EUA's & CER's for example in preparation for, among other things, the EU ETS Phase 3 which is scheduled to incorporate aviation from January 2012. In addition, the UK Treasury announced in March a price for carbon of £16 per tonne from 2013.

4.1

Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in other places than in your CDP response? If so, please attach the publication(s)

Publication	Page/Section Reference	Identify the attachment
In annual reports (complete)	Pages 28-31	TUI Travel PLC Annual Report & Accounts 2010
In voluntary communications (complete)	Whole report	Group Sustainable Development Report 2009
In voluntary communications (complete)	Whole report	TUI Nederland Sustainable Development Report 2010
In voluntary communications (complete)	Whole report	TUI UK Trends Report – Holiday Futures (pub'd 2010)
In voluntary communications (complete)	See TTP Website pdf	TUI Travel PLC website
In voluntary communications (complete)	Whole attachment	Holidays Forever micro-site - launched 2010 - http://www.holidaysforever.co.uk/thomson

Attachments

[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/TUI Travel PLC website.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/TUI%20Travel%20PLC%20website.pdf)
[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/TUI Nederland Sustainable Development Report 2010.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/TUI%20Nederland%20Sustainable%20Development%20Report%202010.pdf)
[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/TUI UK Trends Report - Holiday Futures.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/TUI%20UK%20Trends%20Report%20-%20Holiday%20Futures.pdf)
[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/TUI Travel PLC Annual Report and Accounts 2010.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/TUI%20Travel%20PLC%20Annual%20Report%20and%20Accounts%202010.pdf)
[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/Group Sustainable Development Report 2009.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/Group%20Sustainable%20Development%20Report%202009.pdf)
[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/Holidays Forever micro-site.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/Holidays%20Forever%20micro-site.pdf)

5.1

Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

5.1a

Please describe your risks driven by changes in regulation

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
RR1	Cap and trade schemes	Context From 2012 the EU ETS scheme will include aviation: all (EU & non-EU) airlines within, arriving & departing the EU must participate. Of TTP's source markets, non EU states Norway & Switzerland will also participate. Airline emission allowances will be capped at 97% of 2004-06 average emissions level, reducing to 95% > 2013. In 2012, 85% of these emissions allowances will be issued free following a harmonised efficiency benchmarking process. The remaining 15% must be purchased at auction from Member States. The auctioning level post-2013 is subject to negotiation under the EU Climate & Energy package. Airlines will be able to purchase credits from other industries but permitted only to sell allowances only to other airlines. 3% of the allowances will be reserved for new entrants & fast growing airlines. In our CDP 2010 submission, we outlined that in Dec 09 the US Air Transport Association of America & three major US airlines had brought an action for judicial review of the legality of the inclusion of non-EU airlines within the EU	Other: Increased operational costs and reduced demand for goods/services	1-5 years	Direct	Virtually certain	Medium-high

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		<p>ETS on the basis that it constitutes an extraterritorial action & an improper tax or charge - US airlines come under the UK jurisdiction within the scheme. The High Court will shortly refer the case to the European Court of Justice in Luxembourg for a ruling on the validity of the EU law. Nature of Risk (Concern, Cause, Consequence) Although TTP believes the revenues from auctioning should be used, e.g. to reduce emissions further by investing in greener technologies & improving air traffic management, EU Finance Ministers have indicated it is likely that revenues will not be hypothecated within individual Member States. It is likely that the EU ETS will add to the cost-base of aviation carriers, although they will seek to pass some or all of this onto their customers, like the UK & German Government's Passenger Taxes. Management All TUI Travel Airlines successfully filed their Revenue Tonne Kilometre (RTK) Reports (part of the Monitoring Reporting & Verification requirements) in March 2011 with each competent authority in each of the countries the Airline is based, e.g. The Environment Agency in the UK. TUI Airlines await the publication of the benchmark report by the EU with interest later in 2011 which will indicate the slice of the historic emissions of TUI Travel Airlines and indicate the level of permits.</p>					
RR2	International agreements	<p>Context The UNFCCC Cancun Climate Conference (Dec 2010) established the Green Climate Fund/Global Climate Fund. The fund will serve a critical role as a mechanism to deliver support for urgent climate actions like reducing emissions through protecting forests, and shifting to greener energy technologies. Cancun did not reach agreement on a second commitment period after the Kyoto Protocol, but a number of steps were taken that demonstrate progress under the Kyoto track and signal a way forward. The preamble of the Cancun decision under the Kyoto track has important language that recognizes that in order to avoid the worst impacts of climate change, Annex I Parties as a group would have to reduce emissions in a range of 25-40 percent below 1990 levels by 2020. Nature of Risk (Concern, Cause, Consequence) The Report of the Secretary-General's High-level Advisory Group on Climate Change Financing (published in November 2010) advocated changes to levies on maritime bunker/aviation jet fuels for international voyages or a separate emissions trading scheme for these activities, or</p>	Increased operational cost	Current	Direct	More likely than not	Medium-high

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		a levy on passenger tickets of international flights due to a decision to increase in revenues generated from taxes on international aviation and shipping to help fund adaptation and mitigation from climate change for developing nations. Leading to a significant future potential expense for TUI Travel PLC. Management TUI Travel is closely monitoring the outcomes of the further negotiations, since there is likely to be pressure for more robust and binding targets which could lead to increased taxation and costs, especially relating to the Climate Change Financing Programme within the UN which set a goal of mobilizing \$100 billion p.a. by 2020 to support mitigation and adaptation activities in developing countries.					
RR3	International agreements	Context Shipping Emissions Trading Scheme: The International Maritime Organization is developing a regulatory regime for maritime emissions, but this has not yet been produced. The IMO commissioned a report in July 2009 which concluded that a global shipping ETS/levy on emissions would incentivise the shipping industry to address climate change. The IMO returned to work on the issue of reducing greenhouse gas emissions through a working group of the Marine Environment Protection Committee (MEPC) reviewed ten submissions from national governments involving either bunker fuel levy or emissions trading solutions to reduce greenhouse gas emissions but an earlier stage of GHG reduction reforms to increase ship energy efficiency have been averted from mandatory application. The revised EU ETS Directive requires the European Commission to consider the inclusion of shipping in the scheme from 2013 if the IMO process is not complete by 2012. Approximately 31% of the global emissions caused by shipping could be covered (i.e. all voyages starting or ending at an EU port). Nature of Risk (Concern, Cause, Consequence) Change in regulations impacting cruise operations due to the European Union committing to regulate emissions from international shipping by the end of 2011 if the IMO cannot make substantial progress. Increased operating costs could be the result. Management TUI Travel will continue to monitor the position in relation to its cruise operations.	Increased operational cost	1-5 years	Direct	More likely than not	Medium-high
RR4	International agreements	Context The International Convention for the Prevention of Marine Pollution from Ships (MARPOL) is a worldwide binding regulatory framework developed by the	Increased operational cost	1-5 years	Direct	Virtually certain	Medium-high

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		International Maritime Organization (IMO) which provides information about the prevention of pollution and emissions in marine areas. First coming into effect in 1978, the IMO has set more demanding requirements for vessels passing the Antarctic region. From 1st August 2011 onwards, it is not permitted to run vessels with heavy fuel oil (HFO) in the Antarctic (from 60 degree of latitude southwards) - diesel (MGO) has to be taken as an alternative fuel. For that reason, large cruise ships cannot offer any excursions in this region any longer. Nature of Risk (Concern, Cause, Consequence) Due to the fact that diesel is almost twice the price of HFO, the cost for fuel will rise for the cruise companies which offer Antarctic excursions within TUI Travel PLC. Management TUI Travel has carbon emission reduction programmes in place across the business including Cruise to help operate the ships in its fleet as efficiently as possible to reduce carbon and financial impacts.					
RR5	Carbon taxes	Context German aviation departure tax: The German government announced in June 2010 that it intends to introduce an aviation-based departure tax. This tax has come into force for flights from 1st January 2011 onwards. Since then, airlines have to pay additional 8 Euro (flight distance <2,500 km), 25 Euro (Flight distance between 2,500 and 6,500 km) or 45 Euros (flight distance <6,500 km). The legal basis is the German Aviation Tax Law (Luftverkehrsteuergesetz) but there are also some exceptions (e.g. small aircraft, flights for military or medical reasons, children under 2 years which do not have their own seat). Nature of Risk (Concern, Cause, Consequence) Loss of competitive advantage of Germany and German airlines in particular Due to introduction of aviation based departure tax to generate a higher income for the German Federal State. Resulting in higher operational costs which could impact demand for goods and services Management In order to keep a competitive advantage TTP will need to incur higher expenses for marketing and advertisement and/or tougher price calculations. This could potentially endanger jobs within the airline industry.	Other: Increased operational costs and reduced demand for goods/services	Current	Indirect (Client)	Virtually certain	Medium
RR6	Fuel/energy taxes and regulations	Context CRC Energy Efficiency Scheme: The UK's mandatory climate change and energy saving scheme started in April 2010 and is central to the UK Government's	Increased operational cost	Current	Direct	Virtually certain	Medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		<p>strategy for improving energy efficiency and reducing CO2 emissions from large private and public organisations. In the 2010 Autumn Spending Review, the coalition Government announced this scheme would no longer be revenue neutral thereby changing the nature of the scheme more clearly to a "tax on energy". The aim is still to raise senior level awareness of energy usage and encourage change in large organisations. The two key dates for 2011 are the submission of footprint reports in July and the publishing of the performance league table in October. The league table (published annually from October 2011) will rank the c. 3,500 participating organisations by performance Nature of Risk (Concern, Cause, Consequence) Purchasing of permits from April 2012 and withdrawal of initial plans to recycle payments (with one tonne of CO2 still costing £12) Due to changes by the coalition government on the initial nature of the scheme to being a tax on energy. Resulting in possible reputational risk for low performing companies and increased costs associated to purchasing of permits. Management TUI UK has appointed energy consultants to guide the business through this complicated legislation. Year 1 will be based entirely on "Early Action Metrics", i.e. deployment of Automatic Meter Readers [AMRs] and attainment of The Carbon Trust Standard, which TUI Travel is well prepared for.</p>					
RR7	Carbon taxes	<p>Context In May 2010, the then new UK coalition Government announced that it intended to continue to "explore changes to the aviation tax system, including switching from a per passenger to a per plane duty, which could encourage fuller planes" thereby benefitting those airlines with efficient load factors and fuel efficiency - for example Thomson Airways. However, disappointingly, the UK coalition government has subsequently announced that it will not introduce a per plane tax (despite being in the coalition agreement). Nature of Risk (Concern, Cause, Consequence) Lack of reduction of tax burden on airlines and lack of incentivises for the efficient use of carbon efficient aircraft. Due to coalition government decision to not implement a per plane tax as previously agreed and Instead it is consulting on a revision to the APD system Resulting in ongoing tax burden leading to increased costs which could impact demand for goods and services Management TUI Travel will continue to lobby for</p>	Other: Increased operational costs and reduced demand for goods/services	1-5 years	Indirect (Client)	About as likely as not	Medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		a per plane duty . We also support the UK Aviation Industry's Fair Tax on Flying campaign.					
RR8	Uncertainty surrounding new regulation	Context EU Draft Plans to address NOx emissions via an en route charging mechanism: Pursuant to the Aviation EU ETS Directive, the EU Commission was to “put forward a proposal to mitigate NOx from aviation after a thorough impact assessment”. The European Commission appointed a consortium which developed a draft policy: this included Landing and Take-Off NOx charges for aircraft, a cruise NOx charge and inclusion of NOx emissions in the EU ETS. Nature of Risk (Concern, Cause, Consequence) The proposals, if implemented would add significant financial cost to the cost-base of TUI Travel on account of having seven Airlines. Management TUI Travel continues to actively monitor this topic and to actively campaign for a fair tax on aviation – it already pays departure taxes to the UK & German governments as well as spectre of EU ETS addressing CO2 emissions from 2012.	Other: Uncertainty surrounding new regulation	1-5 years	Direct	More likely than not	Medium
RR9	Emission reporting obligations	Context The UK Climate Change Act 2008 (Section 85) has committed HMG to cut GHGs by 50% by 2027, continuing on the trajectory towards the earlier communicated 80% cut by 2050 (May 2011). In addition, it requires HMG to make regulations, under the Companies Act 2006, by 6 April 2012 requiring the directors' report of a company to include information about GHG emissions as is specified in the regulations, or to lay a report before Parliament explaining why no such regulations have been made. A consultation document has just been issued (May 2011) seeking views on whether these regulations should be introduced to make it mandatory for some UK companies to report on their GHG emissions or whether the Government should continue to encourage measuring and reporting of GHG emissions on a voluntary basis. The consultation document considers four different options, including a voluntary approach, designed to promote more widespread and consistent reporting by companies of GHG emissions. Nature of Risk (Concern, Cause, Consequence) Introduction of mandatory reporting on greenhouse emissions for some UK companies due to possible changes to current regulations following consultation period. Resulting in increased administration costs Management Companies must therefore ensure	Other: Higher costs for processes (e.g. monitoring) and reporting (transparency)	1-5 years	Direct	Virtually certain	Low-medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		they have robust monitoring and reporting systems in place. TTP considers itself to be in a strong position for potential future mandatory reporting as we have completed many voluntary and regulated carbon disclosures during the last 3 years - e.g. CDP, The TTP Annual Report & Accounts, preparation for the UK Government's CRC Energy Efficiency Scheme, TTP SD Reports and preparation for the EU ETS (Phase 3: Aviation). The UK Coalition Government's Programme for Government, May 2010 stated that "We will reinstate an Operating & Financial Review to ensure that directors' social and environmental duties have to be covered in company reporting". Guidance is scheduled to be launched in July 11 and TUI Travel PLC awaits this with interest.					
RR10	Carbon taxes	Context As outlined in TTP's CDP response in 2010, The Finance Bill 2010 in the Republic of Ireland provides for the introduction of a Mineral Oil Tax Carbon Charge, a Natural Gas Carbon Tax and a Solid Fuel Carbon Tax. Taxes will be levied at €15 per tonne of CO2 which will result in price rises (excluding VAT) of €34.38 per 1,000 litres of aviation gasoline and €39.98 per 1,000 litres of heavy oil Nature of Risk (Concern, Cause, Consequence) Changes to taxes levied on carbon emissions from mineral oil, natural gas and solid fuel Due to the introduction Carbon Tax Charges brought about by the Finance Bill 2010 in the Republic of Ireland Resulting in increased operating costs Management Companies including TTP will need to factor increased costs into pricing models as appropriate. There have not been any material changes to this in the last 12 months.	Increased operational cost	Current	Direct	Virtually certain	Low-medium
RR11	Fuel/energy taxes and regulations	Context France announced the details of Grenelle II legislation in May 2010 to tackle energy efficiency and to reduce the energy consumption of new and existing buildings - creating a risk for any companies which do not adequately address reduction of emissions from their premises. It is thus an implementing and regionalising law aimed at ensuring that environmental concerns take root in people's day-to-day lives and become firmly established over time. Nature of Risk (Concern, Cause, Consequence) Highlights include: • New buildings in 2012 (2010 for State owned buildings) - Primary energy consumption 50 kWh/square metre/year - New buildings in 2020 - Primary energy consumption lower than renewable	Other: Higher costs for processes (e.g. monitoring) and reporting (transparency)	1-5 years	Direct	Virtually certain	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		energy produced by the building (positive energy buildings). • Existing buildings before 2020 - 38% reduction of primary energy consumption of existing buildings. Incentives are available: Zero interest rate loans for buildings refurbishing or new construction, diagnostic energy performance of buildings (mandatory) and certificates of energy efficiency are allowed to eligible actors (suppliers, companies, local public authorities). There is a penalty of 2 cents €/KWh for non compliance. Management TTP will continue to monitor the legislation development in France.					
RR12	Fuel/energy taxes and regulations	Context The Climate Change Accountability Bill was proposed during 2009 to focus on reducing Canadian emissions by 25% below 1990 levels by 2020, and 80% below 1990 levels by 2050; with interim targets for 2015-2045 [Canada aimed to align the scheme with the USA cap and trade regime]. Following review by Committee and discussion within the Canadian House of Commons [lower house], passage of the Climate Change Accountability Act was initially delayed until 2010 (meaning it would not influence the Government in negotiations at the UN COP15 global climate change treaty negotiations held in December 2009 in Copenhagen). It was then approved by the lower house in May 2010 but then defeated in the upper house [Senate] in November 2010. Nature of Risk (Concern, Cause, Consequence) There was potentially additional taxation/costs to be factored into source market Canada business plans for the period from 2015 onwards. Management TTP will continue to monitor the on-going developments of climate legislation in Canada.	Other: Uncertainty surrounding new regulation	1-5 years	Direct	About as likely as not	Low-medium
RR13	Fuel/energy taxes and regulations	Context The Russian Climate Doctrine was approved in Dec 2009 but not officially enacted until April 25 2011. The doctrine does not set specific targets but expresses an intention to establish legal and regulatory frameworks and government regulations. Nature of Risk (Concern, Cause, Consequence) Additional taxation/costs to be factored into source market Russia business plans for the period up until 2020. Due to intention to introduce regulations including market mechanisms such as emissions trading Resulting in increased operating costs Management The Russian government is ready to start its implementation and has issued an action agenda though, according to the Russian media, the plan is yet to secure	Other: Uncertainty surrounding new regulation	Current	Direct	Virtually certain	Low-medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		the necessary funding or other resources it will need. TTP will continue to monitor the framework as it develops.					
RR14		<p>Context The European Climate Change Programme sets targets of a 20% cut in GHG emissions by 2020 compared to 1990 levels; a 20% increase in renewables as a share of the energy mix (within which 10% of transport fuels must come from renewables, including biofuels); and 20% cut in energy consumption. Since TTP completed its 2010 disclosure, The British & Danish governments want to move to a 30 percent cut from 20 percent by 2020. Their call comes as EU states are considering whether to move faster than the one-fifth reduction from the 1990 level. A draft paper published in May 2011 that the EU is overhauling its strategy in favour of a 25 percent cut. EU governments have agreed to deepen cuts to 30 percent but only if a strong global climate deal is reached which would also bind developing countries to a similar goal.</p> <p>Nature of Risk (Concern, Cause, Consequence) TTP businesses and source markets in a number of European Union Member States could be affected by changes in legislation, including the risk of increased taxation and other fiscal measures. If a robust and ambitious agreement is reached between all developed countries to increase the target to 30% Resulting in increased operating costs</p> <p>Management TTP will continue to monitor these developments.</p>	Increased operational cost	Current	Direct	More likely than not	Medium
RR15	Uncertainty surrounding new regulation	<p>Context The German Government has approved the draft for a law allowing trial CCS plants (Carbon Capture & Storage). CCS is a new technology for capture, transport and long term storage of CO2. This law is the basis for implementing trial plants co-financed by the EU in certain regions in Germany. Nature of Risk (Concern, Cause, Consequence) Tests show that CCS is an appropriate technology and therefore proved to be worth installing.</p> <p>Management The implementation of CCS plants could lead to higher energy costs as the investment is sought to be recouped by energy providers from our businesses operating in Germany.</p>	Increased operational cost	Unknown	Indirect (Supply chain)	More likely than not	Low-medium
RR16	Voluntary agreements	<p>Context Sustainable Aviation, a UK aviation industry initiative to which TUI UK's Airline (Thomson Airways) is a partner and signatory, has made a number of carbon commitments, including:</p> <p>1 Engage with the international aviation community to address climate impacts of aviation</p>	Increased operational cost	Current	Direct	Very likely	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		<p>through promoting operational best practice & technological progress. 2. Provide relevant data, support & expertise for the scientific community to enhance understanding of the non-CO2 atmospheric effects of aviation, & support improvements in metrics for quantifying and reporting effects. 3. Engage with policymakers to develop pragmatic, effective & environmentally sound mechanisms for mitigating all climate impacts of aviation, based on a consensus of scientific understanding. 4. Pursue continual improvements in technology & air traffic management towards ACARE 2020 emissions targets.</p> <p>Nature of Risk (Concern, Cause, Consequence) A requirement to keep pace with good practice and industry peers resulting in increased administration costs. Management A dedicated Thomson Airways Environment Manager has been in post for 2 years and has recently got the Engineering Division of Thomson Airways certified to ISO 14001 for its Environmental Management System.</p>					
RR17	Emission reporting obligations	<p>Context EU Accounts Modernisation Directive: Article 46 (1) (b) (as amended) requires "...the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters ...". Based on this Directive, the EU has released a study in April '11 about the status quo of mandatory Environmental Social Governance (ESG) reporting and the requirements of different stakeholder groups with regard to such a directive/standard. It is intended to present a draft of legislation by November 2011. Nature of Risk (Concern, Cause, Consequence) Introduction of mandatory reporting on greenhouse emissions for some UK companies due to possible changes to current regulations following consultation period. Resulting in increased administration costs Management Companies must therefore ensure they have robust monitoring and reporting systems in place. TTP considers itself to be in a strong position for potential future mandatory reporting as we have completed many voluntary and regulated carbon disclosures during the last 3 years - e.g. CDP, The TTP Annual Report & Accounts, preparation for the UK Government's CRC Energy Efficiency Scheme, TTP SD Reports and preparation for the EU ETS (Phase 3: Aviation). In addition, TUI Travel PLC is aware of the French Government's "Grenelle II"</p>	Other: Higher costs for processes (e.g. monitoring) and reporting (transparency)				

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		laws presented to the French Parliament in May 2010. These included a proposal to require all businesses with > 500 employees to calculate their annual CO2 emissions: companies must therefore ensure they have robust monitoring and reporting systems in place with the French government currently finalizing the details of the requirements regarding disclosure by different sized companies - i.e. only companies with > 5,000 employees should disclose by law (as early as 2011) and those organisations with > 500 would be affected from 2013.					

5.1b

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

More than 15 regulatory risks have been identified in Question Q5.1a which comprises a mixture of, among other things, international agreements, cap and trade schemes, emission reporting obligations and fuel/energy taxes and regulations. Many are in their infancy or developmental stages and therefore, in many instances the potential financial implications are not yet fully known meaning the materiality of these changes are pending. TUI Travel closely follows the development of all such regulatory risks involving appropriate internal stakeholders e.g. Airline colleagues in the case of RR1 EU ETS (Phase 3) or RR8, the EU Draft Plans to address NOx emissions via an en route charging mechanism. Some future legislation is also only now going into the consultation stage, in the case of the UK Government emission reporting obligations (RR9) under the auspices of the Climate Change Act 2008. However, a number of these identified risks relate to greater disclosure and transparency for business which TUI Travel PLC has the resources and expertise to respond to as appropriate.

Some examples of managing legislative and policy risk from are as follows:

- TUI Travel PLC's senior directors have formal responsibility for Climate Change and Carbon Management issues at PLC, Group Management Board (GMB) and Sector Board level.
- In early 2011, there has been the creation of the Director for Group SD role
- SD legislative risk, policy and strategy is identified, discussed and operational responses agreed within such forums on a regular basis as the TUI Travel GMB, Sector Boards, Airline Managing Director and HR Director Board Meetings and within the trade association sustainability forums where we are members (i.e. ABTA in the UK, DRV in Germany & ANVR in the Netherlands), Sustainable Aviation (UK), Emissions Trading Group (based in the UK to address EU ETS Phase 3 for Aviation), Sustainable Aviation Fuel Users Group (SAFUG), and in internal forums we have created – i.e. EU ETS, Airline Environmental & Airline Biofuels, Group SD Coordinators' working Groups, etc
- Also our focus on Sustainability and Aviation at our annual Parliamentary Receptions – the most recent in May 11 where the TTP CEO advocated a legislative framework which rewards and encourages sustainable aviation and eco-efficiency
- TTP has regularly worked with external consultants to best identify and manage legislative carbon-based risk – i.e. SD Strategy work in summer 2010 with PwC's as well as its appointment to assist TUI Travel on EU ETS MRV preparation for our Airlines, PowerEfficiency assisting on the preparation and strategy for the UK Government's Carbon Reduction Commitment (CRC)

- Existing implementation of ISO14001 within Thomson Airways (our UK Airline) and TUIfly Nordic (our Scandinavian Airline) and TUI Germany's Head Office - all these management processes serve to reduce our risk from carbon legislation, both legislation we know about and that which we anticipate – the more we drive carbon out of our own business and that of our suppliers, the better placed we will be competitively when anticipated legislation takes effect
- Working with Forum for the Future's, our SD advisors and advocates on their Better Decision Real Value process (<http://www.forumforthefuture.org/projects/better-decisions-real-value>) has influenced the development of TUI Travel's Biofuels Strategy and the new SD risks in destinations project.

Inclusion of aviation in the EU ETS from 2012 (RR1) presents costs as well as opportunities for travel companies such as TTP with an efficient aircraft fleet and sustainable practices to derive competitive advantage and a leadership position in the industry. Our CO2 per Revenue Passenger Kilometre (RPK) across TUI Travel airlines in the FY 2009/10 was 76.1g (an improvement of 2.6% since 2008/09) and we await the publication of the benchmark report by the EU with interest later in 2011 which will indicate the slice of the historic emissions of TUI Travel Airlines and therefore an indicator the level of permits. Airlines' Revenue Tonne Kilometre and related carbon performance is not due to be made publicly available until EU ETS Phase 3 legislation kicks in, i.e. 2014.

TUI Travel PLC uses the existing resources in the form of the Group SD Dept as well as the SD Co-ordinator colleagues located in each of the TUI Travel sectors to monitor, review and plan for adapting to the changes in legislation and policy within these areas (equivalent of 40 FTE's in Oct 2010). In addition, colleagues within Public Affairs, Corporate Communications and Group Strategy also horizon-scan for forthcoming changes in legislation and policy to see what could be forthcoming that might have a material impact of the cost-base of the Sectors within TUI Travel PLC as well as the Group Functions. Significant expenditure has been made to procure the services of external consultants i.e. PwC. There are costs associated with membership of trade associations outlined above. Also costs associated with embedding climate change mitigating actions within our supply chain – i.e. publication & translation of TUI Travel PLC Guidelines for Environmental Sustainability in Hotels in partnership with industry, deployment of Environmental Diagnostic Audits and ISO14001 implementation and on-going certification costs.

The EU ETS – RR1

TTP worked with PwC in summer 2010 to ascertain the likely financial and operational implications for its flying programme resulting from inclusion of the TTP Airlines within the EU ETS (based on a range of prices for emission permits) the details of which are commercially confidential. However, the forecasted cost implications to TTP of the EU ETS are low in comparison to other exposures: for example the maximum likely costs of carbon hedging to cover any short position under the EU ETS equate to approximately 1% of fuel and foreign exchange exposure combined.

TTP has invested in CER emission reduction projects to deliver compliance grade credits which have also delivered additional, real SD benefits to the communities in which they are located – project credits will be generated at holiday destinations to which we operate.

The UK CRC Energy Efficiency Scheme – RR6

TUI UK is taking the lead on CRC preparation by working in partnership with PowerEfficiency, a specialist energy consultancy to meet the requirements of the legislation to ensure TTP's UK sites are well prepared. A CRC Action Plan has been devised which covers preparation for the CRC and its first compliance year where the likely cost to the business will be c. £250k in emission permit purchases with a further £100k spend on consultancy and deployment of Automatic Meter Readers for the UK Shops, circa 800 in total.

5.1c

Please describe your risks that are driven by change in physical climate parameters

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
PR1	Other physical climate drivers	Changes in frequency of extreme weather events: in order to guarantee reliability and safety of transportation, changes in the frequency of extreme weather events might lead to changes in operations, e.g. aircraft routing and customer relocation. With respect to the rising numbers of tropical storms, especially in the Caribbean region, the infrastructure of this region might be impaired more heavily within the coming years. As a consequence, this also might have an impact on the attractiveness of the region and consequently on our business. Moreover, more frequent extreme weather events could effect the flight plans of our airlines so that take offs or landings are delayed or the flight has to be re-routed while cruising.	Increased operational cost	1-5 years	Direct	More likely than not	Medium-high
PR2	Change in precipitation pattern	Due to less rainfall, significant water scarcity is to be expected at certain destinations, especially in the Caribbean and African region. Moreover, the change in precipitation pattern might have an effect on the infrastructure of destinations, e.g. closed roads or limited power supply because of heavy rainfall or erosion. Scarcity as well as changing snowfall and rainfall is already having an impact – i.e. in Cyprus and Spain water has been tankered in to some destinations in recent years and insufficient snow has been available for skiing in low-lying ski resorts.	Increased operational cost	6-10 years	Direct	Very likely	Medium-high
PR3	Induced changes in natural resources	Climate change has a negative impact on the worldwide biodiversity so that more species are likely to become extinct. This increasing loss of biodiversity as well as water scarcity and freshwater pollution in our destinations could have a negative effect on the ability for the destination's ecosystem to provide nature's services as well as the supplementary issue of the attractiveness of these regions.	Other: Reduced demand for certain destinations, reduced availability of goods / natural resources	6-10 years	Indirect (Supply chain)	More likely than not	Medium-high
PR4	Induced changes in natural	As a consequence of rising energy demand, the availability of natural resources and fossil energy sources, e.g. fuel or kerosene, is predicted to increase within the	Increased operational cost	1-5 years	Direct	More likely than not	Medium-high

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
	resources	next years. Consequently, potential supplementary costs will have to be introduced (e.g. more efficient equipment, more expensive energy).					
PR5	Sea level rise	Due to the rise of the sea level, certain destinations will become less attractive and/or the local infrastructure will deteriorate. TUI UK commissioned a “Holiday Futures” report in December 2010 outlining the holiday attractions and destinations that climate change is irreparably damaging, and states that some islanders in the Maldives have already had to be relocated therefore demonstrating the real need to address the impact emissions are having on Small Island Developing States.	Inability to do business	6-10 years	Indirect (Supply chain)	More likely than not	Medium-high
PR6	Other physical climate drivers	Due to climate change, customers might change their behaviour in general and prefer or discriminate against a certain means of transport (e.g. taking a train instead of a flight) or services. TUI Travel offers a variety of services which guests can use to reduce their carbon footprint. Examples are the Blue Train which transfers customers from Sweden to Italy via train, or the communication of our Airline’s relative carbon efficiency compared to scheduled or low-cost coupled with the opportunity of voluntary carbon offsetting at TUI Germany, TUIfly, TUI UK, TUI Nederland, TUI Suisse or TUI Nordic.	Other: Altered demand for goods and services	1-5 years	Indirect (Client)	More likely than not	Medium-high
PR7	Other physical climate drivers	With regard to increasing number extreme weather events (e.g. hurricanes or floods), there is an increasing potential that infrastructure needed for our business gets affected damage to hotels or the interruption of utility and power supplies. Customers need to be moved or in worst instances repatriated to their home nations.	Other: Increasing business risks along the supply chain / value chain	Unknown	Indirect (Supply chain)	More likely than not	Medium-high
PR8	Tropical cyclones	The rising number of tropical storms is likely to increase operational impacts such as disruption to flight and cruise routings and service levels, impacting on operations, reputation, customer satisfaction and suppliers.	Increased operational cost	6-10 years	Direct	More likely than not	Medium-high

5.1d

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

Other physical climate drivers:

The physical risks from climate change aligned to the changes (e.g. PR1; PR 2; & PR5) in frequency of extreme weather events are very difficult to predict. This has an impact when completing destination and route planning/scheduling by our tour operators. Any temporary closures of destinations could have a financial and logistical impact on the business. Ultimately, although these risks are identified at Group level, they are owned and managed by individual businesses which are able to tailor adaptation and mitigation measures to their particular business models.

Changes in precipitation patterns & Changes in overall weather patterns:

Individual destinations such as small islands or coastal areas will be affected by climate change in different ways (PR7 & PR8). The Climate Change Vulnerability Index [Source: www.maplecroft.com] suggests that a number of destinations in TTP's portfolio (e.g. in the Caribbean, North Africa and South East Asia) may be at risk. A 2006 study commissioned by Churchill Insurance concluded that destinations which may be at risk include areas of Spain, Greece, Italy, India, Australia and the Maldives. Climate change impacts locally in destinations may lead to more rigorous planning restrictions and taxation. Long-term global temperature rises could affect tourism seasons e.g. reducing ski seasons or a change in choice of summer destinations.

Induced changes in natural resources:

Tourism is often based on the quality of the natural environment, biodiversity and ecosystems and cultural assets, which climate change might threaten (PR4). This could have implications for customer demand and perceptions of particular destinations, which need to be addressed through informative customer communications and engagement. Coupled to this are the issues of water scarcity and energy security; possible impacts as a result of any increases in costs of energy and water in destinations are difficult to quantify but could include, for example, desalination costs, rising taxation, air-conditioning and snow-making costs (using fossil fuels or lower carbon biofuels), water and food supplies and costs (as a result of energy and water inputs needed).

TUI Travel is about to commence a piece of work to develop a replicable methodology for identifying and quantifying future impacts relating to tourism in destinations (PR7) including defining the parameters of the research. Issues to be researched include but are not limited to: pressure on natural resources (especially water and energy), waste management and pollution, loss of biodiversity and wildlife, local socio-economic and cultural impacts. Following desk research into future impacts in 3 destinations: Sharm el Sheikh (Egypt), Dalaman (Turkey) and Cape Verde, research on the ground in these destinations, including meetings and interviews with key stakeholders will be carried out. A major output will be a report (for each destination) outlining key findings and recommended interventions to address SD risks in the short to medium term. TUI Travel will work with an external consultant as well as a cohort of TUI Travel International Management Trainees. Once the project is complete, the outputs will be to arrive at a set of interventions that TUI Travel and the tourism industry at large can act upon to address these SD Challenges within destinations. The project will help to outline, by way of demonstration initially, the safeguards that need to be taken to protect destinations for future generations.

Also TUI Travel was instrumental in the creation of The Travel Foundation which since 2003 has funded tourism-related climate change projects in destinations as well as tools to assist the industry to improve its sustainability practices. TUI Travel is the largest donor to the Travel Foundation, with the company and its customers having invested £2.5m in the Travel Foundation since it was set up – a relevant project example is the Turkey hotel supply chain project (Dalaman region) where we are working with a local farmers to supply hotels with fresh fruit and vegetables, with a view to reducing carbon (food miles), improving local livelihoods and enhancing our holiday product/customer experience.

In recent years TUI Travel's Central Europe business division was pivotal in the foundation of Futouris, an industry charity with similar objectives and significant number of destination environmental projects. A relevant project example would be the work it has done with destination stakeholders in Mallorca with respect to establishing an extensive reforestation project. Actions taken to enhance local ecosystems: in October 2009, TUI Deutschland started to plant a TUI forest in the Llevant nature reserve, in eastern Majorca. 57,600 wild olive and pine trees will be planted over a number of years on a 48-hectare site. The aim is to stop the continuing ground erosion of the coastal slopes and to raise awareness of environmental issues among customers. [cost > EUR650,000]

TUI Travel has since its foundation been a member of the Tour Operators' Initiative [TOI] facilitating links with UNWTO, UNEP and UNESCO to enable us to better understand latest climate change destination risk. TUI Travel takes the opportunity to advocate sustainable destination management – i.e. at recent EU Tourism conference in Budapest.

Since 2007, our UK World Care Fund customer donation scheme has invested c. £3m in exclusive Gold Standard VER renewable energy projects scheduled to save 480,000 tonnes of CO2 and bringing SD benefits to destinations where we operate.

5.1e

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
OR1	Changing consumer behaviour	Climate change and the sensitization of our customers about the reasons and effects of climate change could lead to a change of customer demand and behaviour. TTP 2010 customer research (4000 holidaymakers in 8 key source markets) established that Climate Change, Pollution and Biodiversity were issues of high importance to the majority and 1 in 2 would book a more sustainable holiday if they were more readily available. In addition, 2 in 3 would change their behaviour on holiday if it helps the environment and 2 in 3 want their holiday company to be clearer about what they are doing to make their holidays more sustainable.	Increased operational cost	1-5 years	Direct	Very likely	Medium-high
OR2	Reputation	TUI Travel is engaged to reduce the impact of our business on the climate. The quality and impact of these climate protection measures will influence the external reputation of TUI Travel and consequently the loyalty of our customers. One of the TUI Travel SD Strategic Priorities is "Customers" and there are separate objectives to focus on behavioural change.	Increased operational cost	1-5 years	Direct	Very likely	Medium-high
OR3	Other drivers	Good climate management can contribute to sustain and increase the values of TUI Travel and its 200 brands. Inadequate carbon management would lead to a reduction of this brand value and possible exclusion from sustainability indices, e.g. FTSE4Good or our listing in the 2010 Dow Jones Sustainability Yearbook and thereby lowering TUI Travel's attractiveness for investors.	Reduction in capital availability	1-5 years	Direct	About as likely as not	Medium-high
OR4	Increasing humanitarian demands	Climate change may lead to the spread of diseases or epidemics like malaria, particularly in tropical regions.	Other: Limitation in doing business	1-5 years	Direct	About as likely as not	Medium-high

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
OR5	Uncertainty in market signals	Due to climate change and its consequences, scarcity of natural resources and energy sources is to be expected within the next years. It is very likely that the prices for fuel and energy will increase within the next years which consequently will lead to a rising prices for goods.	Increased operational cost	1-5 years	Direct	More likely than not	Medium-high
OR6	Other drivers	Since climate change is a Worldwide "phenomenon", future risks can materialise fast. Then adaptation or mitigation measures have to be implemented simultaneously. Moreover the volatility of prices for resources induced by market development will have financial effects on our business but can hardly be influenced by us. In order to reduce these risks in the budgeting period we have installed hedging procedures, e.g. jet-fuel & cruise fuel.	Other: Unpredictability of risks needs fast reaction / good risk and crisis management	Unknown	Direct	More likely than not	Medium-high
OR7	Reputation	If suppliers have a poor environmental management systems in place the consequences can also impact on TUI Travel's performance and attractiveness for customers and investors. Efficient Stakeholder Dialogues are helpful to prevent this risk. TUI Travel has rolled out extensive supply chain measures and y-o-y improvements.	Other: Loss of reputation due to "misbehaviour" of suppliers	Unknown	Direct	More likely than not	Medium-high

5.1f

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

Unpredictable fuel and energy prices (OR5) and related costs (e.g. obtaining imported goods in destinations if local supply is affected) could have a knock-on impact on TTP's business planning and create changes in the availability and costs of goods and services:

Externally, there is increasing pressure by stakeholders (OR2; OR7) including customers, investors, the media and interested bodies such as NGOs to provide transparent evidence of genuinely sustainable carbon management which has particular relevance to brand value. Poor environmental practices and/or management by suppliers could also pose reputational and financial risks if these were not carefully managed by TTP's engagement with suppliers.

TTP will also need to address the financial and market risks associated with climate change. Tourism is a competitive industry and TTP needs to ensure that its sustainable business practices continue to mark it out as a high-performing company in relation to other major corporations. Again, reputation is paramount: it is important to demonstrate leadership so that TTP is the tour operator of choice for customers when choosing their holiday.

With respect to supply chain management outlined in OR 7, TUI Travel has rolled out extensive supply chain measures and yielded good year-on-year improvements these are evident in our 09/10 FY SD Evaluation results (detailed internal SD management survey– e.g.

- 81% of TUI Travel businesses are actively engaging with suppliers to implement environmental tools/eco labels (77% in 2008/09)
- 78% of businesses are using the Travelife Sustainability System (49% in 2008/09)
- 60% of hotel supplier contracts contain environmental and/or social minimum standards (69% in 2008/09)
- 87% of businesses are identifying greener/fairer holiday product and promoting them to customers (81% in 2008/09)

Changing customer behaviour (OR1) has lead TUI Travel to put programmes of work in place within our Group Customer Workstream process – i.e. setting annual management targets to manage this risk and measuring progress against them. As demonstrated by last year's achievements insofar as 95% of our businesses are communicating with customers on sustainable development issues (85% in 2008/09); 78% of businesses collect customer satisfaction on sustainable development issues (30% in 2008/09); 74% of businesses carry out market or customer research relating to sustainable development issues (49% in 2008/09).

In addition, also the extensive 2010 Group Customer Research (4,000 holidaymakers in 8 key source markets) undertaken to enable us to monitor and respond to customer aspirations and attitudes around sustainable tourism – an example of such a response being the TUI UK 3-year 20 sustainability commitments made via Holidays Forever (including quantifiable commitments in areas such as biofuels, kerosene, electricity, paper use etc) whereby we are committed to reducing our ground based operations by 3,000 tonnes of emissions.

TUI Travel has also engaged in futures work – e.g. the Tourism 2023 project (<http://www.forumforthefuture.org/projects/tourism-2023>) convened by ABTA & Forum for the Future, TUI UK's Holiday Futures Report– engaging with expert stakeholders to build a picture of the longer term climate change risks our business/industry is facing. In addition, within our business we regularly conduct surveys e.g. Leadership Voice to survey and monitor our colleague's views – a key stakeholder group - on our SD and carbon management performance. Latest results show that 88% of the company's most senior managers 'believe that TUI Travel PLC acts responsibility on environmental matters' – an increase of 9% on 2009 results, and 15% on 2008 results.

As a Foundation Corporate Partner of Forum for the Future, this enables TUI Travel to realise the opportunity working alongside those UK companies which are leading on sustainability practice and thereby to further share best practice and give TUI Travel the opportunities manage carbon management risk.

The challenges mentioned above might have an effect on our business in terms of market position, reputation and accessibility of financial resources and consequently the generation of income - for TUI Travel and in our destinations. TUI Travel is continuously identifying challenges and opportunities of climate change. Not having a climate strategy and adequate measures in place could lead to the exclusion of relevant sustainability indexes, like the FTSE4Good index. TUI Travel has maintained its position within the FTSE4Good Index, successfully since September 2007 (and before that since 2005 as First Choice Holidays PLC). This supports the attractiveness for stakeholders and investors in particular to invest in TUI Travel – not taking action could decrease the confidence in the company appropriately addressing climate management issues.

The above stated challenges might also have financial implications on our business. Due to increasing prices for natural resources and energy as well as the increasing volatility of energy prices, TUI Travel might have to face higher expenses. Financial instruments (like forward transactions and hedging) are in place in order to reduce the volatility by fixing the price for certain periods of time. In addition, TUI Travel will most probably need to re-evaluate insurance protection on account of the increasing occurrence of extreme weather events in future and therefore insurance premiums might rise to ensure TUI Travel is appropriately insured.

There are clear costs associated with the selection of initiatives and other risks associated above which, on account of commercial sensitivity, TUI Travel cannot disclose. However, the steps we are taking are those which we believe help to mitigate the risk of climate change for the variety of reasons outlined.

6.1

Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Opportunities driven by changes in regulation
- Opportunities driven by changes in physical climate parameters
- Opportunities driven by changes in other climate-related developments

6.1a

Please describe your opportunities that are driven by changes in regulation

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
RO1	Cap and trade schemes	Context Inclusion of aviation in the EU ETS from 2012 presents opportunities for travel companies such as TUI Travel. Our CO2 per Revenue Passenger Kilometre (RPK) performance across TUI Travel airlines in the FY 2009/10 was 76.1g (an improvement of 2.6% since 2008/09) and we await the publication of the benchmark report by the EU with interest later in 2011. This will indicate the slice of the historic emissions of TUI Travel Airlines and therefore an indicator the level of permits. As a fuel-efficient operator, TUI Travel is hopefully positioned well when the findings are published. Opportunity Increased ability to derive competitive advantage and a leadership position in the industry due to our efficient aircraft fleet and sustainable flying operational practices. This will lead to improved environmental performance Management Continuation of carbon management strategy to reduce carbon emissions across our operations	Other: Increasing efficiency	1-5 years	Direct	Very likely	Medium-high
RO2	Fuel/energy taxes and regulations	Context The CRC Energy Efficiency Scheme will provide an internal driver within our UK business to focus on the requirements of the Scheme and to take	Other: Increasing efficiency	1-5 years	Direct	Very likely	Medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		<p>additional action to reduce CO2 emissions. TUI Travel in the UK is taking proactive steps to both cut its emissions as much as possible as well as initiating programmes of work to take advantage of the “Early Action Metrics” to maximise its position on the CRC League Table. Opportunity Increase focus to take additional action to reduce CO2 emissions Through utilisation of CRC Energy efficiency scheme as an internal driver within our UK business. Resulting in reduced expenditure & utility costs as well as improved efficiency Management Automatic Meter Readers have been deployed across more than 85% of the TUI UK Retail Estate (comprising High St. shops and out-of-town stores) and data is being used to target and track kWh reductions. In addition, TUI UK is in the process of certifying its operations under the Carbon Trust Standard scheme to both provide additional internal engagement within the business and to take steps to improve the performance of TUI Travel PLC on the League Table once published in October 2011.</p>					
RO3	Emission reporting obligations	<p>Context The current UK Government consultation on mandatory carbon reporting (if then introduced) will provide a further incentive to organisations to efficiently capture, monitor and report data on their carbon emissions, as well as to set year on year targets for emissions reductions. Opportunity Enhanced incentives to organisations who efficiently capture, monitor & report data on carbon emissions Should the UK Government consultation make such reporting mandatory Increasing transparency & improving reputation Management TTP considers itself to be in a strong position for potential future mandatory reporting as we have completed many voluntary and regulated carbon disclosures during the last 3 years - e.g. Carbon Disclosure Project, The TTP Annual Report & Accounts, preparation for the UK Government’s CRC Energy Efficiency Scheme, TTP SD Reports and preparation for the EU ETS (Phase 3: Aviation).</p>	Other: Improved reputation by competent disclosure	1-5 years	Direct	Very likely	Medium
RO4	General environmental regulations, including planning	<p>Context The requirement to comply with national and international legislation also drives an opportunity to explore new low carbon technologies which will enable emissions reduction and increased efficiency. Examples are the German regulations associated with energy saving in buildings and building systems</p>	Other: Increasing participation	Current	Direct	More likely than not	Medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		(EnEV), Energy Performance Certificates for some buildings in the UK or EU legislation connected to the abolishment of incandescent energy bulbs going along with the promotion of energy saving lights Opportunity Capitalise on opportunities to explore new low carbon technologies Through the need to comply with national and international legislation Leading to reduced emissions and increased efficiency Management Continuation of carbon management strategy to reduce carbon emissions across our operations.					

6.1b

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

RO1 - Inclusion of aviation in the EU ETS from 2012

The EU ETS presents opportunities for travel companies such as TTP with an efficient fleet and sustainable practices to benefit and to gain competitive advantage and a leadership position in the industry. During the 09/10 FY, TUI Travel established a Biofuel Working Group to research and develop a biofuel strategy. It is not yet possible to ascertain what the financial savings from using biofuels could be as this is still very early days for airlines to use these biofuels on a day-to-day basis. However, the EU has indicated that airlines that use biofuel in their operations will not be required to pay for as many permits as those who use just fossil fuel-based kerosene. ASTM, the US fuel certification body has just approved (May 2011) a Bio-SPK biofuel which has a reduced carbon lifecycle of c. 60-80% compared to fossil fuel based Jet A1 kerosene, which is a very positive step.

RO2 - CRC Energy Efficiency Scheme

The CRC Energy Efficiency Scheme has provided an internal lever for TUI Travel's businesses in the UK to increase their focus to take energy reduction actions to cut costs and reduce CO2 emissions as a result. The introduction of this legislation has provided the correct level of additional focus as demonstrated by TUI UK (the TUI Travel subsidiary in the UK with the largest energy usage) which has now implemented Automatic Meter Readers [AMRs] across more than 85% of its Retail Shops & Superstores (comprising High St. shops and out-of-town stores). Data acquired through the AMRs is being used to inform on-going carbon targets as well as benchmark performance. In addition, TUI UK is in the process of certifying its operations under the Carbon Trust Standard (CTS) scheme to both provide additional internal engagement within the business and to take steps to improve the performance of TUI Travel PLC (the highest parent company) on the League Table once this is published in October 2011. Both AMR installation and achievement of the CTS are defined as Early Action Metrics within the CRC Energy Efficiency Scheme and what the League Table will be based on. Now the UK government has switched the CRC from a revenue-neutral scheme to a "tax", it has effectively increased the focus by companies on their energy usage. Energy spend in the UK is multi-million so a small percentage improvement is beneficial.

RO3 - Emission reporting obligations

TUI Travel PLC is of the opinion that organisations that efficiently capture, monitor & report data on carbon emissions should be in a better position to reduce their emissions and benefit from these associated cost savings too. Should the UK Government consultation (or the EU Modernisation Directive review in a similar vein) pave the way for mandatory reporting, TUI Travel considers itself to be in a strong position for this reporting as on account of the experience it has garnered from the many voluntary and regulated carbon disclosures it has made during the last 3 years - e.g. previous Carbon Disclosure Project submissions, The TUI Travel Annual Report & Accounts, preparation for the UK Government's CRC Energy Efficiency Scheme, SD Reports and preparation for the EU ETS (Phase 3: Aviation). This all adds to a positive reputation for TUI Travel PLC and therefore increases comfort in the quality of the disclosures made.

As well as the legislative opportunities identified above, regulatory reform also offers a number of opportunities to TUI Travel PLC. The Group has a flexible business model, which increases its adaptive capacity, and is conscious that it operates in a competitive market in which it continually needs to seek and gain competitive advantage. TUI Travel PLC is therefore well placed to respond to the various opportunities presented by regulatory developments, voluntary initiatives and related legislative issues as this helps to drive credibility within our marketplace within many different stakeholders. Appropriate preparation for regulation and related matters helps to best avoid potential penalties and fines associated with these fiscal and related instruments.

6.1c

Please describe the opportunities that are driven by changes in physical climate parameters

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
PO1	Change in temperature extremes	Due to changes of snowfall as well as rainfall, TUI Travel operations and our customers' behaviour might change because of changing precipitation pattern and the change of temperature extremes.	Increased demand for existing products/services	1-5 years	Direct	More likely than not	Medium
PO2	Change in mean (average) temperature	The threat of climate change offers the opportunity to engage our suppliers with respect to extended seasons and creating extra demand in non-peak seasons.	Other: Altering / longer periods of business	1-5 years	Direct	More likely than not	Medium
PO3	Induced changes in natural resources	Climate change and its effect is leading to an increased engagement with destination stakeholders and therefore the opportunity to contribute to projects which protect the affected destinations.	Other: Changes of nature / environment	1-5 years	Direct	More likely than not	Medium
PO4	Other physical climate drivers	Customers' concern about the effects of extreme weather events (exacerbated by climate change) may mean that they are more likely to book a package holiday with a responsible tour operator such as TUI Travel than travel independently.	Other: Increased demand for existing and new products / services; improvement of risk and crisis management	1-5 years	Direct	More likely than not	Medium

6.1d

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

PO1 - Change in temperature extremes

As a consequence of changes in temperature extremes certain destinations might become more attractive, e.g. because the summer season is extended. Customer anxiety about the effects of extreme climate change-related events may mean that they are more likely to book a package holiday in future than to travel independently. Company reputation in relation to handling of such incidents and the quality of customer care offered will be key.

PO2 - Change in mean (average) temperature

TUI Travel operates in over 200 destinations worldwide. The behaviour of our customers might change insofar as certain destinations are getting too hot during midsummer so customers might prefer to take their holidays in spring or autumn. Therefore our hotels (owned and contracted ones) in summer destinations have to be prepared for extended seasons and moving into the shoulder seasons rather than concentrating around the peak seasons. It makes good business sense to strengthen our relationships with our suppliers by working with them to reduce their operational costs, which ultimately also realises better value for our customers as we have done in the case of our Flagship hotels.

PO3 - Induced changes in natural resources

Climate change and its effect is leading to an increased engagement with destination stakeholders and therefore the opportunity to contribute to projects which protect the affected destinations.

PO4 - Tropical cyclones (hurricanes and typhoons)

Customers are protected if they purchase an ATOL-bonded holiday (the UK scheme but there are similar schemes across Europe which our European businesses participate in). These trusted companies e.g. TUI Travel, have a reputation of being able to cope with such incidents as extreme weather events e.g. hurricanes in the Caribbean and therefore getting customers home as our Tour Operating Companies have done in the past. Therefore, there is reputational benefit from being able to deal with such crises – recent examples being related to the Ash Cloud in spring 2010, where we repatriated circa 100,000 passengers. Customer anxiety about the effects of extreme climate change-related events may mean that they are more likely to book a package holiday in future than to travel independently. Company reputation in relation to handling of such incidents and the quality of customer care offered will be key.

6.1e

Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
OO1	Other drivers	Due to an increased awareness of climate change and its consequences, an increased focus towards climate protection and mitigation might occur providing increased efficiency of goods and services.	Other: Increased efficiency of goods / services	1-5 years	Direct	Very likely	Medium
OO2	Reputation	Due to a company's sustainability engagement and its climate protection measures, a company could enhance its reputation internally and externally and work on behavioural change to achieve change.	Wider social benefits	1-5 years	Direct	More likely than not	Medium
OO3	Other drivers	Due to the increasing threat of climate change, relevant measures become more important for companies. Embedding mitigation and/or adaptation measures into corporate strategy is crucial. Responsible business practices and the prudent exercise of influence in destinations can contribute to more sustainable destination management.	Other: Embedding SD into corporate activities	Current	Direct	Very likely	Medium
OO4	Other drivers	By introducing new products/services a company can differentiate from its competitors (competitive advantage) and increase its market share.	New products/business services	1-5 years	Indirect (Supply chain)	More likely than not	Medium
OO5	Other drivers	A company's sustainability engagement and climate protection activities raise awareness among its stakeholders. As a consequence, the company becomes more attractive to investors.	Increase in capital availability	1-5 years	Direct	More likely than not	Medium

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

OO1 - increased awareness of climate change

The increasing awareness among customers for more responsible holiday products will grow – according to industry research and research TUI UK has commissioned e.g. its Holidays Future Report published in December 2010 they're requesting more and more information but it has yet to reach a real tipping point and translate into significant demand. In order to preserve limited resources, the development of low-carbon technologies and the more specific consideration of alternative fuels (biofuel) and energy sources will take place. This approach can result in a higher efficiency of resources, e.g. energy/water saving devices and facilities or the use of renewable energy sources due to the fact that these resources are mostly limited as well as the rising costs of utilities. The TUI Airlines have formed a Biofuel Working Group to closely monitor the development of alternative fuels for aircraft, chaired by the Thomson Airways Environment Manager. It has prepared a strategy which has been presented to and approved by the TUI Airline MDs. It contains, among other things, the potential investment opportunities for biofuels as a future way to limit the reliance on fossil fuels and to benefit from the reduced liabilities under EU ETS by using biofuels as part of the fuel mix of powering aircraft.

OO2 – Reputation & Behavioural Change

Numerous initiatives are ongoing to encourage behavioural change, for example from Green Weeks in our TUI Deutschland Head Office to launching and creating engagement for the TUI UK Holidays Forever commitments. It is not easy to ascertain the actions and cost savings associated with the behavioural change created by these training, and communications initiatives. These investments have been effective in instilling awareness that TTP expects colleagues to find opportunities to reduce carbon throughout business activity and this in turn improves eco-efficiency. In addition, a good example of seizing an opportunity to create change in our communities as well as to demonstrate leadership within society is the EcoTraveller tools created for free for Key Stage 2 Primary Schools which they can download with a website hosting interactive games for schoolchildren to play on and created in partnership with the National Schools Partnership – more info from <http://holidaysforever.co.uk/thomson/pages/ecotraveller.html>

OO3 - Embedding SD into corporate activities

This also offers an opportunity to positively influence consumers' behaviour and to encourage sustainable business practices across the industry, including in supply chains. Dealing properly with the consequences of climate change also presents an opportunity to develop collaborative partnerships with, for example, national and local governments, industry colleagues and associations, NGOs and local communities. Furthermore, social and environmental aspects, like climate change become a more integral element of a company's strategy and organization – Responsible Leadership is a core value of TUI Travel PLC. The TTP SD team and the SD Co-ordinators work closely with the senior management teams within their parts of the business to implement appropriate targets and programmes of work to address carbon management and its associated challenges. The business is clear that in its simplest form, if the use of fossil fuels and energy can be reduced it will have material benefits for the company bottom line as well as the wider environment and society.

OO4 – New Products

TUI Nordic has introduced new lower carbon holiday products/services by virtue of the Blue Train service which transfers customers from Sweden to Italy via train for their holidays removing the need to fly – the cost of developing this new product offering is commercially sensitive. In addition, TUI Nordic has sought to achieve ISO14001 certification for all of its Blue Village hotel products throughout the world to differentiate it from its competitors. TUI Deutschland has included key carbon management information within its brochure and TUI UK plans to follow-suit with similar customer facing information.

TTP's reputation as a responsible operator presents a revenue opportunity in terms of increased customer demand and loyalty. TTP is also conscious of the return on investment opportunities presented by, for example, green hotel designs which whilst they may add to capital expenditure costs, will yield good savings and return on investment in the operational phase and offer better profit margins. Environmental Diagnostic Audits (EDAs) which are extensive environmental evaluations of key suppliers' operations, provide the foundation of an ongoing sustainability improvement and reporting strategy. This not only helps to facilitate TTP's and TUI UK & Ireland's carbon reduction strategy and commitment to sustainability but also assists the commercial relationship with suppliers since it can significantly reduce their costs, as well as positively benefiting the customer experience.

7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Mon 01 Oct 2007 - Tue 30 Sep 2008	6564026	53475

7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
<input type="checkbox"/> The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
<input type="checkbox"/> Defra Voluntary Reporting Guidelines
<input type="checkbox"/> Other
<input type="checkbox"/> Other

7.2a

If you have selected "Other", please provide details below

Global Reporting Initiative - G3 Framework & Guidelines

The Sustainability Reporting Framework provides guidance on how organizations can disclose their sustainability performance. It consists of the Sustainability Reporting Guidelines, Sector Supplements and the Technical Protocol. The Framework is applicable to organizations of any size or type, from any sector or geographic region, and has been used by thousands of organizations worldwide as the basis for producing their sustainability reports.

IEA - Electricity CO2 factors

Reference was made to The International Energy Agency [IEA]'s 2008 Edition of "CO2 Emissions from Fuel Combustion" to obtain the electricity emission factors [kg CO2/kWh] for TUI Travel PLC's operations around the world. The International Energy Agency (IEA), an autonomous agency, was established in November 1974. Its mandate is two-fold: to promote energy security amongst its member countries through collective response to physical disruptions in oil supply and to advise member countries on sound energy policy.

7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	Other: DEFRA GHG Reporting 2010

7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference
Diesel/Gas oil	2.64	kg CO2 per litre	DEFRA GHG Reporting - 10
Jet kerosene	3.15	metric tonnes CO2 per metric tonne	DEFRA GHG Reporting - 10
Liquefied petroleum gas (LPG)	1.49	kg CO2 per litre	DEFRA GHG Reporting - 10
Motor gasoline	2.30	kg CO2 per litre	DEFRA GHG Reporting - 10
Natural gas	0.18	Other: kg CO2 per kWh	DEFRA GHG Reporting - 10
Other: Heating oil	2.53	kg CO2 per litre	DEFRA GHG Reporting - 10
Other: MGO/MDO/IFO (Cruise fuels)	3.11	metric tonnes CO2 per metric tonne	University of California, Berkeley Astronomy department - http://astro.berkeley.edu/~wright/fuel_energy.html

8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

8.2a

Please provide your gross global Scope 1 emissions figure in metric tonnes CO2e

5981254

8.3a

Please provide your gross global Scope 2 emissions figure in metric tonnes CO2e

118869

8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

Yes

8.4a

Please complete the table

Source	Scope	Explain why the source is excluded
Very small businesses / business units within TUI Travel PLC with only small environmental impact	Scope 1 and 2	TUI Travel has some businesses which are not directly assigned to one of the carbon intensive sectors. The amount of carbon emitted is insignificantly low in comparison to the carbon intensive sectors, e.g. Airlines. Moreover, the effort to monitor these business units would be disproportionately high compared to the carbon emissions. Therefore, a little uncertainty range has been stated in question 8.5
CH4, N2O, HFCs, PFCs & SF6	Scope 1	TUI Travel has only disclosed CO2 rather than CO2e for its CDP 2011 disclosure, i.e. based on our 09/10 FY

8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and Scope 2 figures that you have supplied and specify the sources of uncertainty in your data gathering, handling, and calculations

Scope	Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	Less than or equal to 2%	Data Gaps Assumptions	As Europe's largest holiday company, TUI Travel also has some businesses which are not directly assigned to one of the carbon intensive sectors. The carbon emissions are insignificantly low in comparison to the carbon intensive sectors. The effort to capture these business units emissions would be disproportionately high compared to the CO2 emissions.
Scope 2	Less than or equal to 2%	Data Gaps Assumptions	As Europe's largest holiday company, TUI Travel also has some businesses which are not directly assigned to one of the carbon intensive sectors. The carbon emissions are insignificantly low in comparison to the carbon intensive sectors. The effort to capture these business units emissions would be disproportionately high compared to the CO2 emissions

8.6

Please indicate the verification/assurance status that applies to your Scope 1 emissions

Verification or assurance complete

8.6a

Please indicate the proportion of your Scope 1 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.6b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Relevant statement attached
Verification	Other: Internal guidelines of Arqum [http://www.arqum.de]	In December 2009, TUI AG (TUI Travel PLC's parent company) commissioned the external consultancy company Arqum to audit the processes of monitoring the emissions and calculations of environmental KPIs for the TUI Group (including data from TTP's Hotels, Cruise Operations & Airlines - which make up more than 95% of TTP's Scope 1 & 2 emissions). All steps of the process (circulation of questionnaires, preparation of raw information & evaluation of data) have been audited as reflected in the VS attached (German language version only available).
Verification	EC Directive 2003/87/EC Annex V and 2007/589/EC as amended	TUI Travel PLC appointed PWC to conduct all of its MRV requirements for the preparation for the EU ETS, Phase 3 incorporating Airlines. All TUI Travel Airlines successfully filed their RTK Reports (part of the MRV requirements) in March 2011 with each competent authority in each of the countries the Airline is based, e.g. The Environment Agency in the UK.
Reasonable assurance	Other: TUI Travel PLC Group Audit internal benchmark	A detailed audit of the carbon management processes and procedures across the business was undertaken by our Group Audit Services (internal audit) function in May/June 2010. All priority 1 recommendations have been followed and closed out and in addition, a new Group SD Data Executive was appointed in December 2010. The Group SD Data Executive has ensured that appropriate checks are put in place for improved carbon reporting processes working closely with TUI UK on their data and reports to the Group Environment Manager.

8.7

Please indicate the verification/assurance status that applies to your Scope 2 emissions

Verification or assurance complete

8.7a

Please indicate the proportion of your Scope 2 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.7b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Relevant statement attached
Verification	Other: Internal guidelines of Arqum [http://www.arqum.de]	In December 2009, TUI AG (TUI Travel PLC's parent company) commissioned the external consultancy company Arqum to audit the processes of monitoring the emissions and calculations of environmental KPIs for the TUI Group (including data from TTP's Hotels, Cruise Operations & Airlines - which make up more than 95% of TTP's Scope 1 & 2 emissions). All steps of the process (circulation of questionnaires, preparation of raw information & evaluation of data) have been audited as reflected in the VS attached (German language version only available).
Reasonable assurance	Other: TUI Travel PLC Group Audit internal benchmark	A detailed audit of the carbon management processes and procedures across the business was undertaken by our Group Audit Services (internal audit) function in May/June 2010. All priority 1 recommendations have been followed and closed out and in addition, a new Group SD Data Executive was appointed in December 2010. The Group SD Data Executive has ensured that appropriate checks are put in place for improved carbon reporting processes working closely with TUI UK on their data and reports to the Group Environment Manager. As the findings of the Internal Audit (IA) Report are commercially sensitive, we have attached the outline document of works. As it was an IA, no specific verification statement was produced.

8.8

Are carbon dioxide emissions from the combustion of biologically sequestered carbon (i.e. carbon dioxide emissions from burning biomass/biofuels) relevant to your company?

No

Attachments

[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/8.EmissionsData\(1Oct2009-30Sep2010\)/TUIfly_Annual_Emissions_Report_EUETS 2010 - PwC Report.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/8.EmissionsData(1Oct2009-30Sep2010)/TUIfly_Annual_Emissions_Report_EUETS%202010%20-%20PwC%20Report.pdf)
[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/8.EmissionsData\(1Oct2009-30Sep2010\)/Scope memo for Group Audit Services internal Carbon Review.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/8.EmissionsData(1Oct2009-30Sep2010)/Scope%20memo%20for%20Group%20Audit%20Services%20internal%20Carbon%20Review.pdf)
[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/8.EmissionsData\(1Oct2009-30Sep2010\)/Verification statement - Arqum.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/8.EmissionsData(1Oct2009-30Sep2010)/Verification%20statement%20-%20Arqum.pdf)
[https://www.cdproject.net/Sites/2011/84/19584/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/8.EmissionsData\(1Oct2009-30Sep2010\)/TUIfly_Annual_TonneKM_Report_EUETS 2010 - PwC Report.pdf](https://www.cdproject.net/Sites/2011/84/19584/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/8.EmissionsData(1Oct2009-30Sep2010)/TUIfly_Annual_TonneKM_Report_EUETS%202010%20-%20PwC%20Report.pdf)

Page: 9. Scope 1 Emissions Breakdown - (1 Oct 2009 - 30 Sep 2010)

9.1

Do you have Scope 1 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

9.1a

Please complete the table below

Country	Scope 1 metric tonnes CO2e
Australia	14713
Austria	103
Cyprus	3253
Dominican Republic	2226
Egypt	5986
France	1697
Germany	207
Greece	1977
Italy	301
Mexico	1859
Morocco	3617

Country	Scope 1 metric tonnes CO2e
Netherlands	471
Portugal	105
Spain	13553
Thailand	2166
Tunisia	5325
Turkey	15033
United Kingdom	1400
United States of America	12638
Rest of world	2054
International Air Space	5554711
International Waters	337859

9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By business division

9.2a

Please break down your total gross global Scope 1 emissions by business division

Business Division	Scope 1 metric tonnes CO2e
TUI Travel Airlines	5260500
Cruise Operations	340029
Ground Transport	47044
Marine Operations (non-cruise)	10355
Fossil Fuels for Buildings	29114
Aviation (other)	294212

10.1

Do you have Scope 2 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

10.1a

Please complete the table below

Country	Scope 2 metric tonnes CO2e
Austria	265
Belgium	309
Bulgaria	387
Cyprus	14644
Dominican Republic	179
Egypt	5988
France	3369
Germany	5118
Greece	21766
Guadeloups	950
Martinique	105
Mauritius	2038
Mexico	6784
Morocco	3174
Netherlands	999
Portugal	793
Senegal	835
Spain	12727
Thailand	131
Tunisia	9106
Turkey	21562
United Kingdom	7163

Country	Scope 2 metric tonnes CO2e
United States of America	207
Rest of world	270

10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By business division

10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2 metric tonnes CO2e
TTP Flagship Hotels	103021
Major Premises – TUI UK & Ireland	5239
Major Premises – TUI Nordic	178
Major Premises – TUI Western Europe	1467
Major Premises – TUI Central Europe	4943
Major Premises – TUI Specialist & Activity	1440
Major Premises – TUI Accommodation & Destinations	1690
Major Premises – TUI Travel PLC	891

11.1

Do you consider that the grid average factors used to report Scope 2 emissions in Question 8.3 reflect the contractual arrangements you have with electricity suppliers?

No

11.1a

You may report a total contractual Scope 2 figure in response to this question. Please provide your total global contractual Scope 2 GHG emissions figure in metric tonnes CO₂e

7300

11.1b

Explain the basis of the alternative figure (see guidance)

Mainstream – TUI Northern Europe

- TUI UK's First Choice Retail Estate of shops and Superstores is currently on a green energy tariff circa 350 premises.
- 11,193,741 kWh = 6,062,530 kg CO₂ (based on a UK Grid Average of 0.542kgCO₂/kWh)

Mainstream – Western Europe

- TUI Nederland – all buildings including shops are currently on a green energy tariff, circa 210 shops and buildings.
- 2,454,349 kWh = 998,920 kg CO₂ (based on a Dutch Grid Average of 0.407kgCO₂/kWh)

Specialist & Activity Sector

- Exodus is on a Green Tariff for 100% their electricity requirements (based in the UK)
- World Challenge – the majority of its UK sites are on a Green Tariff for their electricity requirements
- 475,796kWh = 257,881 kg CO₂ (based on a UK Grid Average of 0.542kgCO₂/kWh)

Total = 7,319,331 kg CO₂ = c. 7,300 tonnes of CO₂

11.2

Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?

No

12.1

What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

12.2

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has consumed during the reporting year

Energy type	MWh
Fuel	24329140
Electricity	236388
Heat	
Steam	
Cooling	

12.3

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Diesel/Gas oil	199608
Jet kerosene	22558959
Natural gas	42840
Propane	47139
Motor gasoline	15688
Other: Marine fuel – MDO/MGO/IFO	1443620
Other: Heating oil	21286

13.1

How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

13.1a

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	1.00	Decrease	The overall carbon emissions decreased in 2009/10 (compared to 2008/09) by 4.72%. Emission reduction measures of the TUI Airlines (e.g. fitting winglets, new air-conditioning, engine water wash, optimized routing, etc.) took effect. The scope 1 emission of TTP decreased by 5.03% in total.
Divestment	7.30	Decrease	Air Berlin took the city flight operations of TUIfly.
Acquisitions	3.58	Increase	The absolute emissions of some business units increased due to expansion (e.g. hotel sector or cruises sector).

13.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO₂e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
0.00045103	metric tonnes CO ₂ e	unit total revenue	2.42	Decrease	Although the turnover decreased in the financial year 2009/10 by 2.35% (£13,851m in 08/09 to £13,525m in 09/10) the overall intensity figure also decreased by 2.42% (0.00046222 in 08/09 to 0.00045103). The reason for that is the total absolute emissions decreased at a greater ratio than the turnover. The turnover used for this calculation represents the overall turnover for TUI Travel PLC in the financial year 2009/2010.

13.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO₂e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
125.20	metric tonnes CO ₂ e	FTE Employee	3.16	Decrease	Although the number of FTEs decreased in the financial year 2009/10 by 1.49% (49,463 in 08/09 to 48,724 in 09/10) the overall intensity figure also decreased by 3.16% (129.43 in 08/09 to 125.20). The reason for that is the total absolute emissions decreased at a greater ratio than the number of FTEs.

13.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
0.00761	metric tonnes CO ₂ e	passenger kilometer	2.56	Decrease	This intensity figure/specific KPI represents the relative CO ₂ emissions of all TUI Travel Airlines in the financial year 2009/2010. The unit is "tonnes CO ₂ per 100 passenger kilometres". The TUI Airlines have set the target to reduce the absolute and relative carbon emissions by 6% till 2013/2014 (base FY 2007/08). One reason for this significant decrease is that the airline Air Berlin has taken the less efficient city flight operations from the German TUI Airline, TUIfly.

14.1

Do you participate in any emission trading schemes?

No, but we anticipate doing so in the next two years

14.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

The European Union Emissions Trading Scheme

The third phase will incorporate airlines from 1 Jan 2012 onwards. TTP's airlines (7 located across Europe) have all submitted their legally required tonne/km reports as part of the Monitoring Reporting & Verification (MRV) documentation for 2010 year by the deadline earlier this year (31 March 2011) and all have been approved by the competent authorities in the nations these airlines are based.

TTP worked with PwC in summer 2010 to ascertain the likely financial and operational implications for its flying programme resulting from inclusion of the TTP Airlines within the EU ETS (based on a range of prices for emission permits) the details of which are commercially confidential. However, the forecasted cost implications to TTP of the EU ETS are low in comparison to other exposures: for example the maximum likely costs of carbon hedging to cover any short position under the EU ETS equate to approximately 1% of fuel and foreign exchange exposure combined.

As with the CRC, there is a key date coming up for the EU ETS that is eagerly anticipated later in 2011 – in this case, it's the publication of the Revenue Tonne Kilometre data submitted by all participating airlines in March 2011. This data will determine the "slice of the emissions cake" and will therefore outline the size of the free allocation of emission permits.

TTP is using the experience of carbon market mechanisms it has gained through the voluntary TUI UK World Care Fund (purchasing VERs) scheme to additionally invest in CER emissions reduction projects. These projects will not only provide compliance grade credits but will deliver additional benefits to the communities in which they are located.

The UK CRC Energy Efficiency Scheme

The CRC has been enshrined in law for the last 12 months (since April 2010). The present stage is purely reporting and will require participants to report their 2009/10 fiscal year footprint and submit a detailed evidence pack by 29 July 2011. Once this has been complete and the League Table of participants has been published in October 2011, participating organisations will know much more clearly what position they are in regarding their liabilities and can then properly prepare their trading strategies in anticipation of the CRC scheme moving into the later trading (Phase 2 – from 2013 onwards although likely to change). However, this legislation has had a troubled introduction, especially with the coalition government announcing that it had removed the revenue recycling payment changing the scheme to a tax in all but name as part of the Autumn Spending Review in 2010.

TUI UK is taking the lead on behalf of TUI Travel in the UK working in partnership with a specialist energy consultancy to meet the requirements of the legislation. A draft CRC Action Plan has been devised which covers preparation for the CRC. In addition, it will assist complete cost modelling and scenario building (the details of which are commercially confidential) as well as the necessary government disclosures to ensure TTP performs well on the forthcoming league table.

In advance of the CRC Scheme moving into the trading phase, TUI UK is already making good progress to meet the spirit of the legislation by engaging its Retail Shop employees to get involved in saving energy and understanding energy-efficiency with the deployment Automatic Meter Readers (AMRs) across more than 85% of the shops network in the UK.

14.2

Has your company originated any project-based carbon credits or purchased any within the reporting period?

Yes

14.2a

Please complete the following table

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance
Credit Purchase	Wind	Turkey, Mazi The Mazi-3 wind farm will consist of 12 wind turbines each of 2.5 MW in capacity, totalling 30 MW. The project will produce 118,500 MWh of electricity per annum adding renewable electricity to the Turkish power grid. Approximately 77,000 tonnes of emissions reductions will be generated each year. The project identification and coordination is done by ClimateCare and/or direct partners. Each donation which is sent to Climate Care via the World Care Fund is matched by TUI UK.	Gold Standard	93968	93968	No	Voluntary Offsetting
Credit Purchase	Wind	Turkey, Belen The Belen Wind Farm will consist of 20 x 1.5 MW wind turbines, totaling 30 MW in capacity in the Iskenderun-Belen region of Turkey. The project will produce 97,000 MWh of Energy per annum, enough to supply electricity to the homes of 22,500 average UK users per annum. This is equivalent to 62,500 tonnes of emissions reductions in Turkey each year. The project identification and coordination is done by ClimateCare and/or direct partners. Each donation which is sent to Climate Care via the World Care Fund is matched by TUI UK.	Gold Standard	56035	56035	No	Voluntary Offsetting

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance
Credit Purchase	Hydro	Zambia The project is a 700KW mini hydro scheme at a site known historically as the Zambezi Rapids. It is a first of its kind. The scheme will replace existing diesel generators at Kalene Hill mission, Hillwood Farm and Sakeji School and provide electricity to previously unserved areas, removing their dependence on diesel generators that are expensive and harmful to the environment. The new hydro-powered electricity is reaching schools, orphanages and a local hospital. It is expected that this project will save 500 tonnes per annum rising to 3,500 tonnes per annum as the scheme is connected to a wider range of local users. The project identification and coordination is done by ClimateCare and/or direct partners. Each donation which is sent to Climate Care via the World Care Fund is matched by TUI UK.	Gold Standard	4450	4450	Yes	Voluntary Offsetting
Credit Purchase	Energy efficiency: service	India, Chandigarh The World Care Fund Earthstoves project in Chandigarh, Punjab, Northern India provides micro-finance to dhaba owners (low cost food stalls) for Earthstoves to replace fossil fuel stoves. The Earthstoves use biomass material (agricultural waste and dung), which are quicker, cheaper and less smoky than fossil fuel stoves they are trying to replace, and production of the biomass briquettes provides employment opportunities, mainly for local women and other groups. The Earthstoves each displace between 7-41 tonnes per year over traditional stoves (powered by fossil fuels). The project identification and coordination is done by ClimateCare and/or direct partners. Each donation which is sent to Climate Care via the World Care Fund is matched by TUI UK.	Gold Standard	4402	4402	No	Voluntary Offsetting
Credit Purchase	Wind	India, Kerala This is a single 750 kW wind turbine project in Idukki District, Kerala which was commissioned on 31st March 2008. The turbine displaces electricity from the National Grid, providing clean green renewable energy to a grid dominated by coal and oil fired generation. We estimate that the wind turbine will generate approximately 1,440 tonnes of CO2 savings each year, dependent on wind speeds. The project identification and coordination is done by ClimateCare and/or direct partners. Each donation which is sent to Climate Care via the World Care Fund is matched by TUI UK.	Gold Standard	2714	2714	No	Voluntary Offsetting
Credit Purchase	Wind	TUI Klimainitiative The source market TUI Central Europe with the tour operator TUI Germany has a long-term cooperation with the carbon offsetting company "Myclimate". Through this partnership TUI's customers can offset the emissions of their flight and/or whole holiday via several offers, e.g. the TUI Climate Initiative, or as an integral part of the online booking process at TUIfly. The donations have been used to build up a wind farm in Turkey. The project identification and coordination is done by Myclimate and/or direct partners.	Gold Standard	2660	2660	No	Voluntary Offsetting
Credit	Forests	The Forest Restoration Project This project resides on the CSA CleanProjects	Other: ISO	1679	1679	No	Voluntary

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance
Purchase		registry meaning this project has been determined to be consistent with ISO 14064 or that these offsets have been verified by a Third Party (ICF International).	14064				Offsetting
Credit Purchase	Forests	Zero Footprint Reforestation Project The tour operator Jumpstreet is cooperating with the carbon offsetting company "Zero Footprint". With the donations a Forest Restoration Project in British Columbia, Canada, is supported. The project identified by Zero Footprint resides on the CSA CleanProjects registry meaning this project has been determined to be consistent with ISO 14064 standard. So far the project has saved over 800 tonnes of CO2 due to customers of Jumpstreet, a TUI SAS business in North America.	Other: ISO 14064	816	816	No	Voluntary Offsetting
Credit Purchase	Other: Waste	Hufu Waste Heat Recovery Specialist tour operator First Choice Ski cooperates with the carbon offsetting company "Carbon Neutral Company" and supports the following projects of the company: The Hufu Waste Heat Recovery project where clean electricity is generated at a cement manufacturing plant (standard: VER); and the Tieling Methane capture project which not only prevents the release of this harmful greenhouse gas, but uses it as an energy source to supply gas to homes and local industry (standard: VCS; Green-e Climate).	VER+	582	582	No	Voluntary Offsetting
Credit Purchase	Energy efficiency: households	Morondava Solar Stoves Project This project is run essentially as a donation scheme, though the underlying methodologies used by project partners in Madagascar have recently be verified to Gold Standard. This project funded the material costs for 200 solar stoves, each estimated to have an average total mitigation per stove over its lifetime of 5.94 tonnes (according to Gold Standard verification of a similar project by the same project partner).	Not Yet Verified	238	238	No	Voluntary Offsetting

Further Information

Information from ClimateCare: These carbon credits are not sold as offsets, there is no liability to deliver. Therefore there are no risk adjusted volumes associated with these projects.

15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
Other: Brochure paper	24798	Emissions associated with manufacture - 696kg/tonne of paper. Factor obtained from TTP Group Brochure Procurement colleagues	
Other: I.T. Data centres	7411	World Electricity Average 2004-06 502g per kWh [IEA]	
Business travel	3710	• Domestic - 0.17147 kg CO2 per km [from 1km to 463km per sector] • Short Haul - 0.09700 kg CO2 per km [from 464km up to 3699km per sector] • Long Haul - 0.11319 kg CO2 per km [from 3700km upwards per sector]	
Other: Water	1871	Emissions from sewerage treatment/supply process. 300 kg CO2 per 1,000,000 litres of freshwater supply [Water UK Sustainability Indicators 2008/09]	
Other: Copier paper	294	Emissions associated with manufacture & distribution - 506kg/tonne of paper. Factor obtained from TUI UK Stationery Supplier	
Other: Passenger (customer) transport	255	Charter train emissions per pax km - 0.0312 CO2 kg per pax km	
Employee commuting	202	Factor of 2.6413 used for the calculation for diesel fuel [DEFRA Sept 2010 conversion factor] Factor of 2.3018 used for the calculation for gasoline/petrol fuel [DEFRA Sept 2010 conversion factor]	

15.2

Please indicate the verification/assurance status that applies to your Scope 3 emissions

Not verified or assured

15.3

How do your absolute Scope 3 emissions for the reporting year compare to the previous year?

Decreased

15.3a

Please complete the table

Reason	Emissions value (percentage)	Direction of Change	Comment
Emissions reduction activities	17	Decrease	Business Travel
Emissions reduction activities	14	Decrease	Employee Commuting
Change in boundary	84	Increase	Other: I.T. Data Centres
Emissions reduction activities	10	Decrease	Other: Copier paper
Change in boundary	13	Increase	Other: Brochure paper
Change in boundary	125	Increase	Other: Water
Change in boundary	98	Decrease	Other: Passenger transport

Module: Sign Off

Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title

James Whittingham - Group Environment Manager - TUI Travel PLC