What TUI Travel PLC is doing to become a more sustainable business

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Bournemouth University - Oct ‘13
Outline of the Presentation

- TUI Travel PLC at a glance
- What does sustainable development mean to TUI Travel PLC?
- What’s the scale of the challenge?
- How are we responding?
  - Destinations
  - Carbon
  - Customers
  - Colleagues
- Further resources
TUI Travel - at a glance – “The Boiler Plate”

- One of the world’s leading international leisure travel groups
- Revenues of £14.5 billion
- Underlying operating profit of £490 million
- Market capitalisation circa £3 billion

- 30 million customers from 31 source markets
- Over 240 trusted brands
- 141 aircraft and 1,800 retail shops in Europe
- 54,000 colleagues
TUI Travel is a global business operating across 31 key source markets in 180 countries worldwide

Our 31 key source markets:

Australia          Mexico
Austria            The Netherlands
Belgium            New Zealand
Brazil             Norway
Canada             Poland
China              Russia
Czech Republic     Singapore
Denmark            Slovenia
Finland            Spain
France             Sweden
Germany            Switzerland
Hungary            Thailand
India              Ukraine
Ireland            United Kingdom
Italy              United States
Luxembourg

TUI Travel PLC - overview
At a glance – a selection of our brands

Sun & beach
- TUI
- Thomson
- Jetair
- Fritidsresor
- Arke

Activity & adventure
- exodus
- Brightspark
- INTREPID
- CRYSTAL
- Thomson sport

Luxury
- HAYES & JARVIS
- SOVEREIGN
- VIP
- TCS & STARQUEST EXPEDITIONS

Inbound services
- INTERCROUSES
- worldcome
- destination services
- pacific world

Accommodation
- AsiaRooms.com
- MalaPronta.com
- hotelbeds
- LateRooms.com
- bedsonline.com

Oceans & rivers
- The Moorings
- Footloose
- Quark Expeditions
- Sunsail
- le boat

Responsible travel
- RS Ranger Safaris
- Geckos
- REAL GAP EXPERIENCE
- INTERNATIONAL EXPEDITIONS
- World Leader in Nature Travel
- i-to-i Volunteering

TUI Travel PLC - overview
To make travel experiences special.... by providing holidays that cause minimal environmental impact, respect the culture and people of destinations and offer real economic benefit to local communities.

....and with this size comes a responsibility
The challenge of sustainable development

a sustainable business model ...

achieves commercial success

delivering social value

within environmental limits
The ‘carbon footprint’ of a return flight to Mexico on-board Thomson Airways (from the UK) is equivalent to 16% of a person’s annual carbon footprint in the UK.

Tourism contributes around 5% of global carbon dioxide emissions (UN World Tourism Organisation).

A tourist in Spain can use up to 880 litres of water a day if they visit a hotel with a swimming pool and golf course, compared to 250 litres a day for a Spanish city dweller.

In 2012, there were 1 billion international tourist arrivals (UNWTO 2012).
Tourism contributes around 9% of global GDP, and is the main source of foreign exchange in 1/3 of developing countries.

The creation of jobs – 10% of all jobs globally in travel & tourism

Improving facilities in destinations

Preservation of environment, culture and heritage

“Tourism can play a major role in helping people lift themselves out of poverty. It can thus make a significant contribution to global efforts to achieve the Millennium Development Goals”
Sustainable Holidays Plan - launched S12

Sustainable Holidays. Spreading Smiles.

Sustainable Holidays Plan: 2012 – 2014
Our three-year Sustainable Holidays Plan

Our vision is to make travel experiences special with a firm commitment to sustainability.

We’ve set ourselves four goals to achieve by 2015...

**Destinations**

*Better on the ground*

Taking care in destinations

We will deliver 10 million ‘greener and fairer’ holidays

We will measure this by the number of customers we take to hotels with credible sustainability certifications from 2012 – 2014.

**Carbon**

*Better in the air*

Reducing carbon emissions

We will operate Europe’s most fuel-efficient airlines and save more than 20,000 tonnes of carbon from our ground operations

We will measure this through TUI Travel airlines’ average carbon emissions per revenue passenger kilometre (CO₂ / RPK) and CO₂ saved from our major premises, retail outlets, brochure paper production, differentiated hotels and fleets of vehicles (against 2011 baseline).

**Colleagues**

*take action*

Involving and empowering colleagues

Our colleagues will rate TUI Travel as a leader in sustainability

We will measure this through the Your Voice global opinion survey results – aiming to meet High Performing Company scores for responsibility towards the environment and community for all colleagues and senior leaders.

**Customers**

*who care*

Creating demand for sustainable holidays

Customers will regard TUI Travel as a leader in delivering more sustainable holidays

We will measure this by our performance in consumer research in our key source markets.
We are working to embed sustainability throughout the holiday journey.

- Flying more fuel-efficient aircraft
- Sustainability awareness raising in destinations
- Driving best practice sustainability performance with suppliers

PROTECTING BIODIVERSITY

INVESTING IN TRAINING

REDUCING CARBON

SUPPORTING COMMUNITIES

SAVING WATER

- Promoting greener and fairer holidays online
- Training customer facing colleagues on sustainability
- Greening our coach fleet
- Engaging customers in sustainable tourism

REDUCING WASTE

ANIMAL WELFARE

PROTECTING CHILDREN
Sustainable Holidays Plan 2012-14

We will deliver 10 million ‘greener and fairer’ holidays

We are working with our hotel suppliers to drive environmental and social best practice, increasing the number of customers we take to hotels with sustainability certifications.

600 hoteliers and other stakeholders have attended our supplier sustainability workshops since 2011

In 2012, 2 million customers stayed in the 850+ hotels we featured with sustainability certifications

www.spreadingsmiles.com

Sensatori Resort, Tenerife
Supply chain tools
Destinations Projects

Here are some examples from the hundreds of projects we support:

- We are working with Karisma Hotels to help conserve sea turtles along the Riviera Maya in Mexico. [www.thetravelfoundation.org.uk](http://www.thetravelfoundation.org.uk)

- In partnership with Just a Drop, we are providing 90 families with clean drinking water in Bolivia. [www.spreadingsmiles.com](http://www.spreadingsmiles.com)

- The Specialist & Activity Sector supports the Street Child World Cup – a charity that helps vulnerable children living on the streets around the world. [www.streetchildworldcup.org](http://www.streetchildworldcup.org)

- We co-sponsored an energy efficiency cookstove project in Kenya. 7,200 stoves have now been installed. [www.spreadingsmiles.com](http://www.spreadingsmiles.com)

- We are working with farmers in Turkey to help them provide local produce for our hotels. [www.spreadingsmiles.com](http://www.spreadingsmiles.com)

- We are working with HFC/CA, a charity set up to protect the marine ecology of the Red Sea, to install waste bins for tourists in Hurghada, Egypt. [www.tucanefoundation.nl](http://www.tucanefoundation.nl)

- The Intrepid Foundation is a non-profit fund that supports NGO’s in the places Intrepid visits. In 2012, $427,000 AUS was raised for projects supporting health care, education, human rights, child welfare, sustainable development and the environment. [www.theintrepidfoundation.org](http://www.theintrepidfoundation.org)

- Over 600 hotels and other stakeholders have attended our supplier sustainability workshops in the last couple of years. [www.tuitravelplc](http://www.tuitravelplc)

Commitment #5
We will invest in projects which drive environmental and socio-economic improvements in key destinations and replicate them elsewhere.

YEAR 1 PERFORMANCE
In 2012, 68% of TUI Travel businesses supported environmental or socio-economic projects in destinations*, and helped contribute over £5 million to good causes.

Visit [www.spreadingsmiles.com](http://www.spreadingsmiles.com) for more details and short films on some of our projects.
Sustainability focus on our differentiated hotel concepts
• Hotel employs 2/3 of local community
• Regular walking tours of the village
• Weekly market place for local entrepreneurs
• A la carte menu 100% locally sourced
• Grey water from hotel used by village
• Hotel sources fruit & vegetables locally
• Numerous local community initiatives

Business Case for Hotel:
• Hotel experiences exceptional customer satisfaction, staff retention, repeat business
• Hotel saved €200k in 2 years through better management of energy & water

Business Case for Tour Operator:
• 2012 CSQ analysis ~ correlation between Travelife-awarded hotels & holiday satisfaction
Utility costs (energy & water) = 5%-15% of a hotel’s operating costs
Sustainable Holidays Plan 2012-14

We will operate Europe’s most fuel-efficient airlines by 2015

Our airlines are some of the most fuel-efficient in Europe. We’ve set a more stretching carbon efficiency target this year because we’ve achieved our 6% reduction target two years ahead of schedule!

We are investing in cutting-edge aviation technology such as the new Boeing 787 aircraft and Scimitar Winglets.

We’re committed to reducing our airlines’ per passenger carbon emissions by 9% by 2015 (compared to 2006).

www.spreadingsmiles.com

Our airlines are some of the first to take delivery of the new Boeing 787 aircraft which has exceptional environmental performance.

TUI Travel PLC
More than a smile

www.tuitravelplc.com/sustainability
TUI Airlines – carbon reduction through technology today

Boeing 787 Dreamliner

Winglets

Electric vehicles airside
TUI Airlines – carbon reduction through technology tomorrow

Scimitar winglets

Surface sealant to reduce drag

Sustainable biofuels
Ambition: Operate Europe’s most fuel-efficient airlines (2012 data)

TUI AIRLINES’ CARBON EFFICIENCY VERSUS THE LARGEST AIRLINES IN EUROPE*

*Data from the 4 largest budget and 4 largest scheduled airlines in Europe based on passenger numbers

**UK Government-DEFRA global aviation efficiency, taking an average of short & long haul operations
Driving carbon down in our operations

TUI NL BREeam Excellent

UK travel agencies saved 8% energy yoy

Improved fuel efficiency 3% yoy

TOM Cruises - 10% yoy fuel saving
Digital drives down paper – and carbon

20% brochure reduction yoy

Immersive i-Pad magazine

Holiday info via MyThomson i-Phone app
Sustainable Holidays Plan 2012-14

We will engage 5 million holidaymakers in sustainable tourism by 2015

We’re encouraging holidaymakers to get involved in sustainable tourism through our kids clubs activities, school education initiatives and customer donation schemes. The more people we inspire, the bigger difference we can make.
Customer research – 4000 holidaymakers, 8 markets

- **Key sustainability issues for customers:**
  preserving habitats; saving natural resources; fair working conditions

- **Key barriers to booking more sustainable holidays:**
  sustainability not 1st priority; perceived price; lack of availability

- **Who do they hold responsible?**
  Governments, airlines & holiday companies

  **1 in 2** would book a sustainable holiday if available

  **2 in 3** would change behaviour on holiday to help environment

  **2 in 3** want holiday company to make holidays more sustainable
The world of spreading smiles

"What sunshine is to flowers, smiles are to humanity."
- Joseph Addison

Smiles bring out the best in us, turning good holidays into great ones. Our vision is to provide exceptional travel experiences where everyone benefits: our customers, the communities that host our holidays, and the environment. Our ambition is to spread as many smiles as possible. By engaging with the site and sharing your thoughts and stories, you can help and spread your own smiles too.

- Biodiversity
- Waste
- Community
- Water
- Children
- CO2
- Carbon
- Training
- Animals

Latest projects

Taste of Fethiye
You can get much fresher than Duruk's prize cucumbers

VIEW PROJECT

World of TUI
Eco-traveller

380,994 UK pupils engaged with the Eco-traveller programme in 2013.

680,000 over past 3 years
Colleagues

Our colleagues will rate TUI Travel as a leader in sustainability.

We will measure this through Leadership Voice survey and Your Voice global opinion survey results—aiming to meet High Performing Company scores for responsibility towards the environment and community.

Commitment #14
We will deliver sustainability training to new colleagues, customer facing colleagues and management development programmes.

YEAR 1 PERFORMANCE
70% of our businesses cover sustainability in inductions* and 67% of our businesses offer training on sustainability for colleagues*.
Sustainability has been embedded into Group management development programmes.

Commitment #16
Our colleagues will dedicate 100,000 hours to volunteering.

YEAR 1 PERFORMANCE
Colleagues dedicated over 12,000 hours to volunteering.

Hotelbeds 10 Years 10 causes
As part of its 10-year anniversary celebrations, Hotelbeds launched the '10 years 10 causes' campaign. This initiative engaged over 6,000 Hotelbeds' colleagues from around the world to propose and participate in local initiatives related to different causes - Health; Integration; Education; Sustainable Tourism; Youth; Sharing; Giving Back; Biodiversity; Cultural Diversity and Children. The initiatives and activities that took place can be found at www.10causes.com

‘Project Discovery allows you to discover sustainable tourism on the front line, where it matters the most. All the brochures and pictures in the world could never evoke the emotion that experiencing something first hand can offer and seeing the difference we can make.’
Mark Densham, Cabin Crew Performance Manager, Thomson Airways – Beach Operators Project, Kenya 2012
Colleagues innovation

Going digital for customer communications before departure and in resort

Labelling holidays on their sustainability credentials

Incentives for customers to pack lighter

A system to reduce point of sale material in retail stores

Dedicated green days across TUI Travel

Loyalty programme for customers who choose more sustainable holiday products

Offering eco-friendly sunscreen to customers

Commitment #17
We will drive product and process innovations through sustainability

YEAR 1 PERFORMANCE
The Green Ideas Factory colleague innovation competition generated over 120 ideas. Read about the ideas that have been implemented here: www.tui travelpcl.com

Green Ideas Factory
In 2012 we launched the Green Ideas Factory competition, giving colleagues the chance to get creative about sustainability and submit their ideas on how we can be ‘greener’ whilst improving our business. We received 120 ideas from 18 countries and nearly 1,500 colleagues voted for their favourites. 10 finalists developed their ideas with the help of senior managers from TUI Travel and Forum for the Future, a sustainable development think tank. The winning ideas focused on replacing airside cars with electric vehicles at airports (from colleagues in JetairFly) and developing a forum for environmental ideas within our airlines (from colleagues in ArkeFly) and are both in the process of being implemented.
Highlights from 2012

£16m
amount saved through environment efficiencies in 2012*

89%
of TUI Travel’s aircraft are now fitted with fuel-saving winglets

73.0g
of CO₂ emissions per revenue passenger kilometre (RPK) across TUI Travel airlines – making our airlines some of the most fuel efficient in Europe

2m
Customers stayed in hotels with sustainability certifications

TUI Travel airlines’ achieved their 6% carbon efficiency target two years early

600
Participants attended our supplier sustainability workshops since the launch of our Plan

We featured over 850 hotels which had sustainability certifications in brochures and on websites

Our businesses helped contribute over €5m to good causes

78%
of TUI Travel senior leaders agreed that TUI Travel acts responsibly on environmental matters and is socially responsible

120
Ideas generated by colleagues as part of our sustainability innovation competition

*An approximate figure of Group savings that have been tracked, gross of any upfront investments required to achieve those savings in 2012. Part of previously identified cost savings.
Sustainability – investment & reputation

- **Companies with a strategic focus on climate change provided double the return of the Global 500 from January 2005 to May 2011**
  
  *(Carbon Disclosure Project, 2011)*

- **Performance on Socially Responsible Investment indices important:**
  - FTSE4Good Index (listed since 2005)
  - Carbon Disclosure Leadership Index – every year > 2008
  - Dow Jones Sustainability Index Yearbook (listed since 2011)

- **Mandatory Carbon Reporting for listed companies:**
  - France (since 2010), UK (from Oct 2013), Germany (on the horizon)

- **Company reputation is the top driver for 60% of employees**
  - Towers Watson 2010 Global Survey
10% of all jobs throughout the world are in tourism. In developing countries, tourism can play an important role in helping fight poverty.
Sustainability challenges facing us – climate, water, food
Thank you

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tuitravelplc.com/sustainability
For Further Info....check out

http://www.tuitravelplc.com/sustainability