



Thomas Cook  
Group

# CUSTOMER AT OUR HEART

SUSTAINABILITY REPORT 2016





# About this report

This is Thomas Cook's tenth annual Sustainability Report. The report covers Thomas Cook Group operations in full.

This report contains Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines. It is focused on our most material issues and we produce our report for our key stakeholders and investors.

The data in this report covers the period from 1 October 2015 to 30 September 2016, unless otherwise stated and is referred to throughout the report as 2016. We publish our sustainability report annually and our last report was published in January 2016.



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## HOW TO USE THIS REPORT

This interactive pdf allows you to find information and navigate around the report more easily. Where relevant, it links you to additional useful information.

Previous reports can be accessed through our Group website at:  
<http://www.thomascookgroup.com/sustainability/>

## GUIDE TO THE NAVIGATION BUTTONS

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## LINKS

Dynamic links within the text are indicated by an icon or by text shown in the section colour. Clicking on these will take you to further information within the document, or, if a web address, to a related online site (opens in a new window).

## NAVIGATION TABS

Clicking on one of the tabs at the top left of each page will take you to the start of that section.

# THOMAS COOK AND SUSTAINABLE TOURISM

**At Thomas Cook Group plc, we are committed to making a difference with every holiday. This means understanding the impact we make at every stage of a holiday and maximising the benefits we can bring to our customers, staff and local communities.**

As we celebrate our 175th anniversary this year as the world's oldest tour operator, we understand more than most the impact that tourism can have around the world. If our founder, Thomas Cook, was around today we know that he would be passionate about making a positive impact on the communities in which we operate and reducing our impact on the environment. The modern-day company has built upon his legacy and responsible tourism, or sustainability, has been a core value for the Thomas Cook Group for many years.

We know that tourism can be a force for good. It generates employment for local people, celebrates traditional skills and heritage, educates and creates awareness of the diverse world in which we live. However, with over 1 billion international travellers each year, and growing, we know tourism can also have a negative impact.

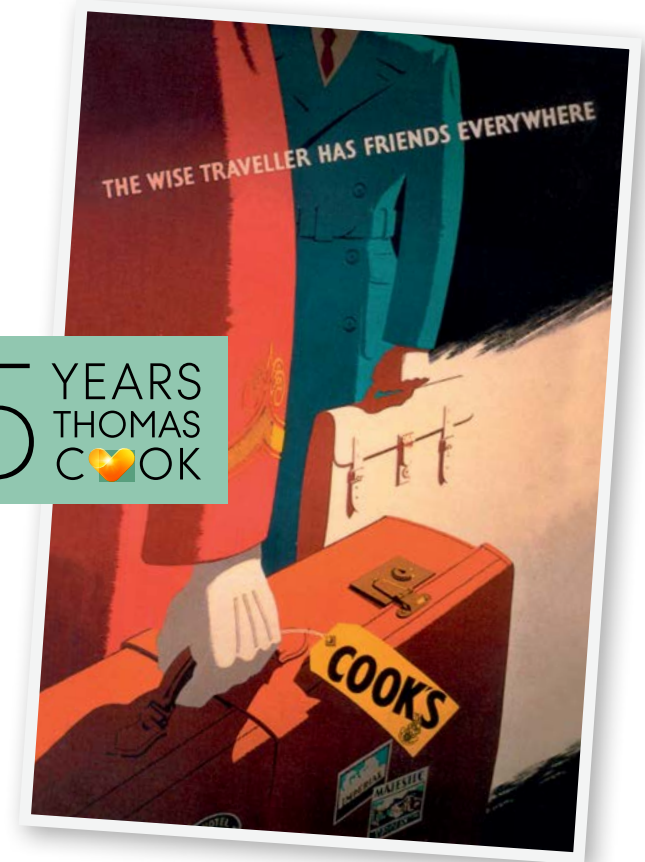
The world is changing and global businesses, including travel companies, face a range of sustainability challenges. Key trends and developments affecting our business include:

- > Increasing complexities in reporting and legislative requirements – including a new global aviation agreement related to climate change emissions and international agreements focusing on climate change and sustainable development;

- > Increasing customer expectations around sustainability – research shows that customers are more likely to choose one business over another based on their ethical performance;
- > More focused investor demand for increasing environment, social and governance data.

As a large travel business we know we have a responsibility to keep improving the way we operate. We know also that we will be more successful if we work through collaboration with our supply chain, our competitors and the wider industry.

175 YEARS  
THOMAS  
COOK



# ABOUT US

Thomas Cook Group plc is one of the world's leading leisure travel groups. Thomas Cook is supported by 21,940 colleagues and operates from 16 source markets; it is number one or two (by revenue) in all its core markets. Thomas Cook Group plc's shares are listed on the London Stock Exchange (TCG).

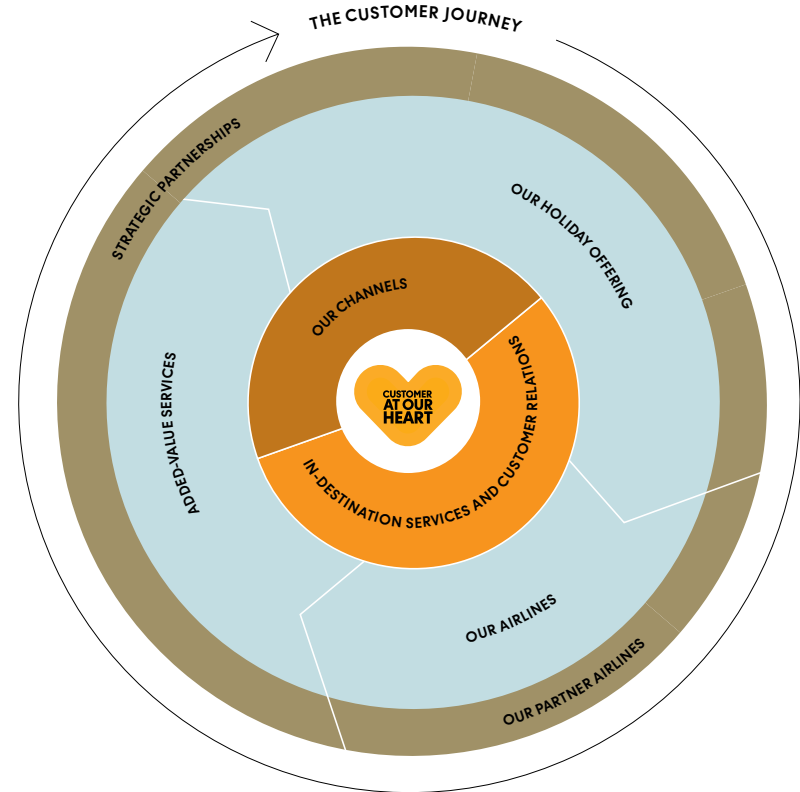
We put customers at the heart of everything we do. This is central to our strategy for sustainable growth and has been a powerful catalyst for change across the business over the past year.

Our aim is to ensure we do all that we can to give our customers great holidays which inspire them to come back to Thomas Cook and to recommend us to their friends.

The development of a strong portfolio of own-brand hotels is fundamental to how we give customers a great experience whilst on holiday. It enables us to provide a consistent, high-quality, exclusive experience. Alongside our own brand hotels, our holiday offering is focused on a defined portfolio of partner hotels chosen on the basis of quality and high standards. We know we are able to have a greater influence over the customer experience in these hotels enabling us to differentiate a Thomas Cook holiday from competitors and increase customer loyalty.

We also recognise the role our airline plays in holidays and we continue to enhance the flight experience on their journeys with us. We are building our choice of destinations, particularly in long haul, giving customers the choice between a package or seat-only holiday.

## OUR BUSINESS MODEL



# CHIEF EXECUTIVE'S STATEMENT



»We have a clear strategy to grow our business and give every customer the very best experience on holiday. With this comes a commitment to drive improvements in the way we operate, at home, in the air and on the ground in destination and in our hotels.«

## DEAR READER,

175 years ago Thomas Cook began his company with a one-day rail excursion from Leicester to Loughborough in the UK.

In many ways our approach hasn't changed since those early days. Our commitment to put customers at the heart of all we do is not so different from the ethos of our founder. His vision to "broaden the minds of others and break down the partition walls of prejudice" is as relevant today as perhaps it has ever been as we consider the challenges our business faces – from geopolitical risks and acts of terrorism to the industry's growing understanding of its environmental impact.

Despite these challenges, we have a clear strategy to grow our business and give every customer the very best experience on holiday. With this comes a commitment to drive improvements in the way we operate, at home, in the air and on the ground in destination and in our hotels. We know we cannot make these improvements without working with our partners. We are proud of the strong relationships we have built up across our supply chain, with external partners and competitors, to share best practice and to tackle common industry challenges.

We acknowledge we have the opportunity to do more to build a more sustainable business. From tackling our carbon emissions as the operator of one of Europe's leading airlines, to embedding better practice across our own-brand hotel portfolio through Travelife, the sustainability agenda touches every part of our business. We also know that customers' expectations of Thomas Cook are changing. For these reasons, we have been reviewing our approach to sustainability and we look forward to launching a new, more focused strategy in 2017.

This report provides an overview of the work we have done this year, as well as a review of our longer-term projects against our most critical issues. I am proud of what we have achieved so far and feel positive about the opportunity we have to renew our efforts and work towards a clear set of goals for the future.

**PETER FANKHAUSER**  
CHIEF EXECUTIVE OFFICER

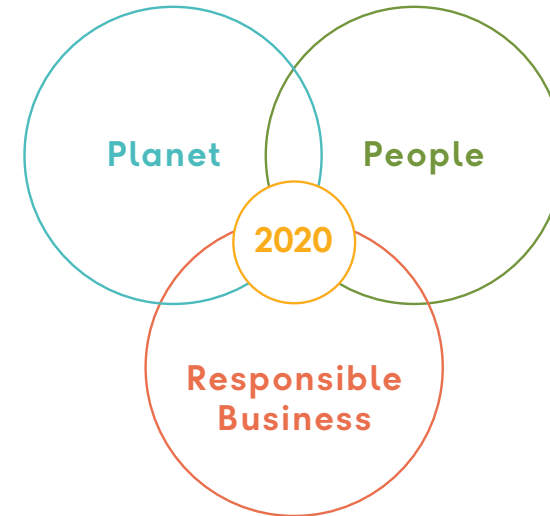
# OUR SUSTAINABILITY STRATEGY

Our vision for sustainability is simple. For us it is how we meet our needs today while contributing to the future of our business, the environment, people and communities with whom we work. In this way, we are creating a stronger and more robust business that operates responsibly and generates benefits for communities over the long term.

Thomas Cook has a long history of action on sustainability issues. We regularly review our approach to make sure we limit environmental impacts while maximising the social and economic benefits travel can bring. We have established a series of targets to take the business to 2020 around three key pillars: Planet, People and Responsible Business. Progress against these targets is covered in this report.

Our sustainability strategy mirrors our strategy to become more customer centric, putting the needs of customers at the heart of all we do. The millions of customers across Europe that choose Thomas Cook for their holiday have high expectations of us and the services we provide. Addressing the broader ethical issues material to our operations is a key part of building trust and putting the customer at our heart.

Over the next year, we will be launching our new sustainability strategy which sets out how we can make a difference with every holiday, every step in the customer's holiday experience. We will report on our progress achieving our goals in next year's sustainability report.

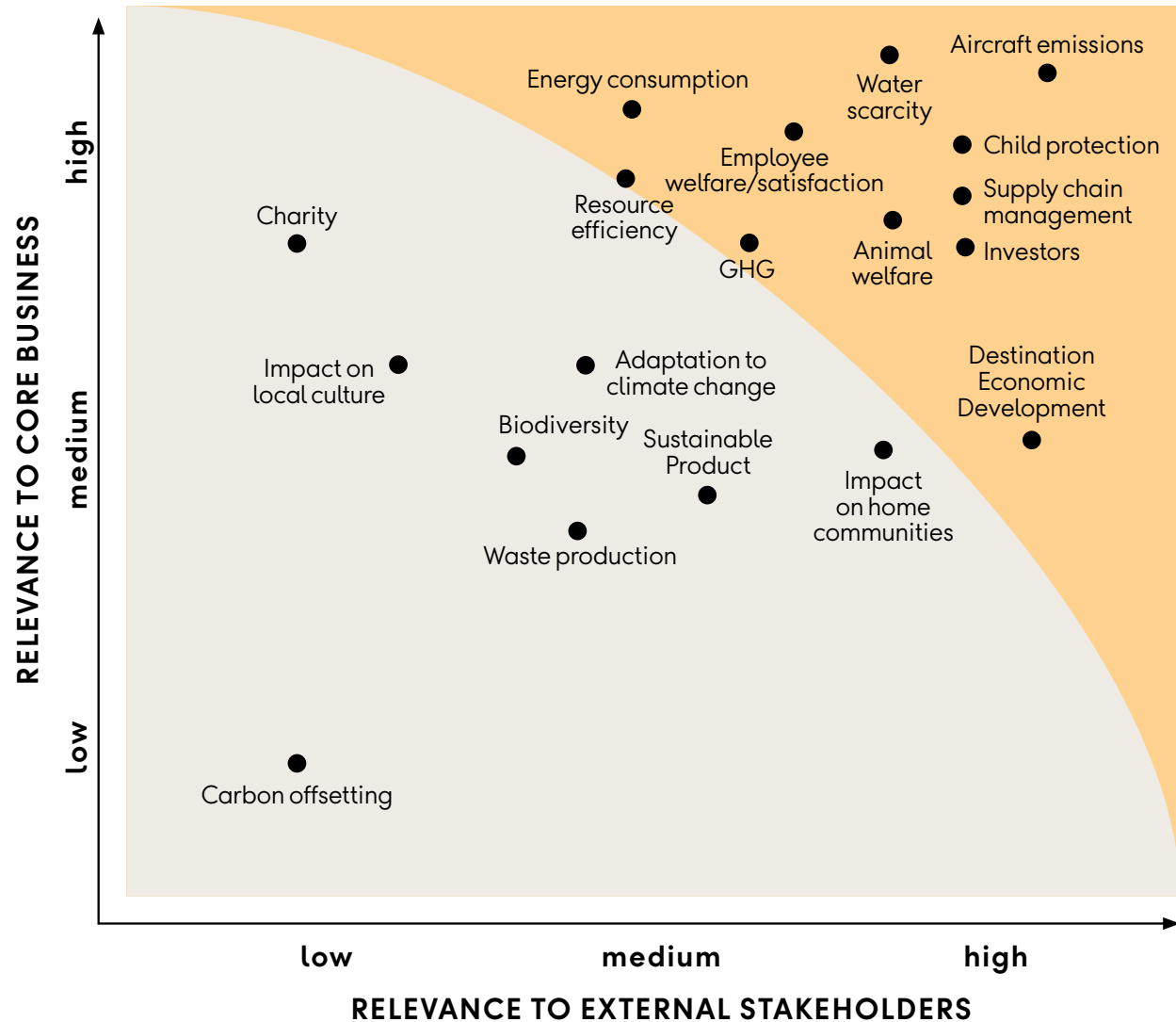


## OUR SUSTAINABILITY JOURNEY



# MATERIALITY

In the previous reporting year we undertook a materiality review to assess what is important to the business and our stakeholders as well as understand what the impacts and risk areas are. This matrix is reviewed annually in line with business development and stakeholder engagement.





# HOW WE MANAGE SUSTAINABILITY

**We see sustainability as the responsibility of every employee and an activity that requires strong leadership, starting with the Chief Executive and senior Management Team.**

The Board retains responsibility for the long-term success of the Group and the Health, Safety and Environmental Committee (HSE Committee) has oversight of the policy for managing health, safety and environmental risks to the Group's business.

We know that a strong governance structure, accountability and leadership are key to drive change. This year the HSE Committee has broadened the scope and approach of sustainability at Thomas Cook, providing leadership, direction and oversight to the activities of the Sustainability Working Group (SWG) and maintaining close stakeholder group links.

Thomas Cook operates across 16 different source markets with each facing different challenges. This means that sustainability risks and opportunities are dealt with in different ways across the business depending on specific priorities. Alongside this local focus, strategic direction is provided at a group level by the SWG and the HSE Committee.

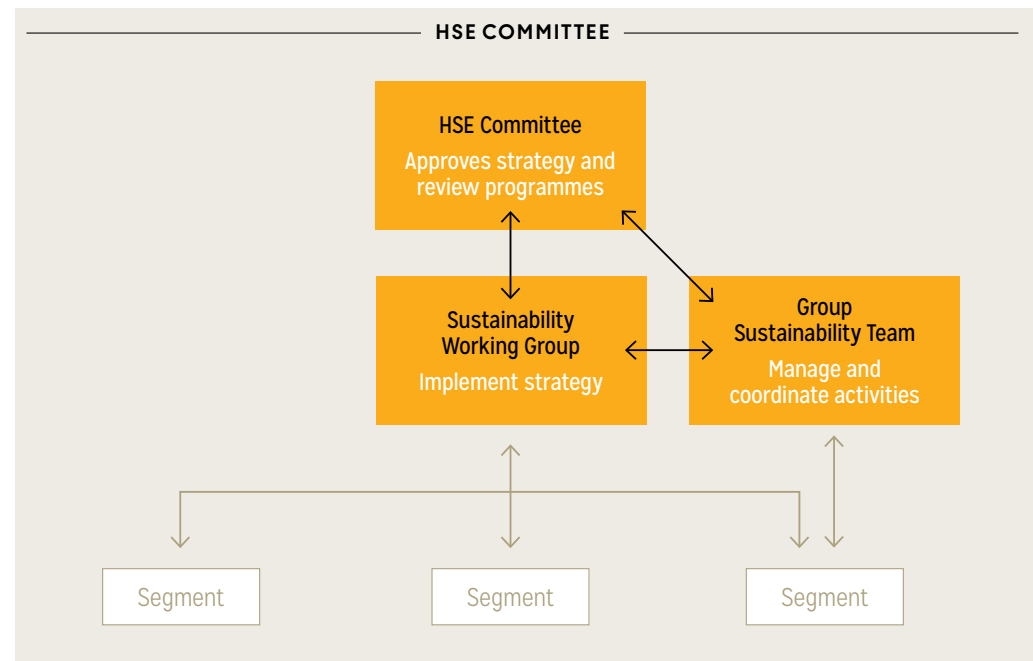
## RISK MANAGEMENT

We operate in a dynamic and rapidly evolving environment. This requires a flexible and responsive risk management process.

Risks are evaluated using a risk register approach which assesses the likelihood and impact of each risk, including the financial impact, alongside existing control measures. Risk registers are continually updated through a programme of workshops and risk is formally assessed as an agenda item at all monthly segment level board meetings, with key risks escalated and discussed within the Risk Matters Group.

## Significant sustainability risks include:

- > Brand reputation
- > Climate Change and Greenhouse Gas Emissions
- > Energy cost and energy security
- > Supply chain management
- > Recruitment and retention of talent
- > Sustainability of destinations and communities





# STAKEHOLDERS AND PARTNERSHIPS

We work with a variety of sustainability and industry organisations as we understand that collaboration is essential to bring about large scale change.

We are particularly committed to working with our supply chain, competitors and other stakeholders within the travel industry to create positive change.

We define stakeholders as any group with potential or actual influence on our business, including customers, employees, investors, suppliers, governments & regulators, NGOs & charities, academia and industry associations.

To ensure we focus on the most material issues and those most relevant to our key audiences, we undertake a wide variety of stakeholder engagement including meetings, questionnaires, newsletters with feedback channels and participation in projects and conferences.

Our stakeholders include:

- > Customers
- > Employees
- > Investors
- > Suppliers
- > NGOs and charities
- > Governments and Regulators
- > Academia and industry associations

## OUR KEY PARTNERSHIPS INCLUDE

### Tourism industry organisations and initiatives

Collaborating with the industry helps to extend our sustainability impacts outside of our business, and enhances our reputation as a responsible business.

ABTA and DRV – the UK and Germany's largest travel industry associations



Aviation Initiative for Renewable Energy in Germany



Sustainable Aviation



Futouris – a travel industry organisation aiming to improve the sustainability of tourism in destinations.



Travelife – an industry-led sustainability certification scheme for hotels



### Sustainability reporting organisations

Being transparent about our business and sustainability performance builds investor trust and support their investment decisions.

CDP – the largest database of carbon management information from companies globally.



FTSE4Good



### Non-governmental organisations and charities

This provides a sample of organisations we are involved with

Born Free Foundation



World Animal Protection



UNICEF



The Code



# People



**At Thomas Cook, we care deeply about the health and well-being of our customers. Their safety is the number one priority across our destinations and Group Airlines.**

Thomas Cook has a long tradition of social commitment and charitable activity. We work to create thriving communities where our employees live and work, as well as in the destinations that our customers travel to. By collaborating with industry partners, supporting destinations and investing in communities, we are ensuring a high-quality service for residents and visitors alike.

Our Code of Conduct covers all areas material to our business. It includes all of our sustainability focus areas, from engaging with local communities through to protecting the children who travel with us, and live in the destinations in which we operate. Our Code represents a commitment we make and a philosophy that is embedded within every aspect of our behaviour as a business. It is fundamental to how we deliver holidays to our customers in a responsible way.

Beyond the Code of Conduct for our own employees, this year we have launched a Code of Conduct for our suppliers. This document reaches beyond the confines of our business and asks our suppliers to meet our own ethical standards. The Code of Conduct is now included as an appendix in all contracts with suppliers across the Group.

Target	2016 progress	Comments
Support at least one sustainable community project in each of the main regions we operate in.	● On track	Through our work with Futouris in Germany, we are able to expand our sustainability programmes and initiatives into new markets each year.
Conduct at least three local community projects around key Head office locations.	● On track	We operate a variety of local community programmes each year. Over the year the ConTribute programme in Germany helped fulfil 450 wishes from refugees and the Thomas Cook Children's Charity helped support Wheel Power's Feel Inspired sports camps. <a href="#">Click here</a> for more information.
Implement our new Group Child Protection strategy.	● On track	This plan is currently in development alongside the Group Crisis team.
Get 90% of our suppliers to sign up to and comply with our Supplier Code of Conduct.	● Complete	Implementation is now underway. The Supplier Code of Conduct is implemented as contracts with suppliers are reviewed.

# CUSTOMER PROTECTION

**“Customer at our heart” is the cornerstone of our strategy for profitable growth. We know that happy customers are more likely to come back to Thomas Cook for their next holiday and recommend us to their friends.**

Over the last 12 months there has been a fundamental change in our approach to customers. To reflect the importance of customer satisfaction to the health of our business, we introduced for the first time the Net Promoter Score – or NPS – as one of the core metrics of performance across the Group. Although it is still early days we can report an increase of six points for summer 16, reflecting progress in each source market.

To deliver on our “Customer at our heart” commitment we have developed three customer promises;

- 1) Service – We have rolled out the 24-hour satisfaction promise across 1,600 of our most popular hotels as well as introduced comprehensive new training for all customer service and in-resort staff.
- 2) Quality – We have launched the Sunny Heart Academy of Excellence which draws on external experts in areas such as food hygiene and housekeeping to create tailor-made support for hotel partners – with impressive results.

- 3) Reliability – We know that in these uncertain times, customers value the security and protection that they get from travelling with the most experienced operator in the travel industry. It's a role we take very seriously, now more than ever. We are proud of the way in which our people have worked tirelessly to support our customers in times of crisis over the past 12 months. That reliability and trust is a key differentiator for our business.

## CHILD PROTECTION

Thomas Cook Group is implementing the UN Convention on the Rights of the Child as Group policy. We believe it is our responsibility to promote and safeguard children's welfare and are committed to “The Code” (an industry-driven international code of conduct).

We raise awareness with our suppliers, stakeholders and employees, ensuring they are suitably informed and trained to act effectively when child safety might be at risk. To help raise awareness of the risks to children in tourism and how to protect them, we regularly provide training to employees, particularly those in retail and customer-facing roles in our biggest markets and specific training to staff in destination on child protection, child prostitution and trafficking.

We recognise the UN Guiding Principles on Business and Human Rights and are aligned with the UN Global Compact and support the UN Convention on Rights of the Child. We have long standing relationships both with ECPAT International and The Code, and are currently reviewing our approach to child protection issues to ensure we are doing all we can to protect and safeguard children.

## RESPONSE TO CRISIS

During 2016, we faced increasing challenges from external events, for example geopolitical instability abroad, and the threat of natural disasters. In these circumstances, customers can be reassured that booking with the most experienced travel operator means that we can provide support and assistance should a challenge arise.

Support can be in the form of arranging flights home, medical assistance or other interventions depending what's most appropriate. We also have special assistance teams who can fly out to a destination and provide on the ground support such as in the case of Hurricane Matthew in September 2016.

We monitored the development of the hurricane very closely as it passed through Cuba and Southern States of America, including Florida. We kept customers up to date with information on scheduling changes, sent teams on the ground into Cuba to assist customers and keep track of the situation.

While we did have to move some of our customers to different resorts, we did not need to activate our emergency procedures and we did not need to fly any of our customers home. Our rigorous emergency planning process ensured that all scenarios were prepared for and customers were able to enjoy their holidays.

# CHARITY AND COMMUNITY GIVING

**We want to create thriving communities where our employees live and work, as well as in the destinations to which our customers travel. We have a strong tradition of charitable giving and we continue this through fundraising, corporate giving, staff time, volunteering and in-kind donations.**

We contribute to disaster and emergency relief efforts. A focus this year for our German businesses has been to support the European refugee crisis. Employees across our German Tour Operator and Airline business had the opportunity to support a local bike repair shop by repairing donated bikes to refugees to help increase their mobility. In December, 450 wishes from refugee children were collected and displayed in the entrance hall of the offices in Frankfurt and Oberursel. Employees could pick a wish and donate a present to the "Johanniter Unfallhilfe", an organisation responsible for a refugee camp in Hanau Wolfgang, near Frankfurt. Colleagues raised over €700 by selling waffles in the cafeteria. This money went to a refugee facility in Oberursel, which is overseen by the Red Cross.

Thomas Cook Children's Charity is a grant-making charity which aims to improve children's lives in the UK and overseas. Founded by Thomas Cook UK in 2009 it has raised over £7 million. The charity raises funds from Thomas Cook colleagues and customers to be able to make a difference where it's needed most. Thomas Cook Children's Charity works to support charities internationally, nationally and locally.

Locally, through our community grants programme, we invite customers and colleagues to nominate local charitable causes and projects to apply for funding. Over the last year we supported over 70 charitable projects, including:

- > Funding towards 10 "WizzyBugs" by Designability to enable very young disabled children to get their first experience of mobility with a powered wheelchair
- > Supporting Just a Drop's work in Kenya to build rain water harvesting tanks in four schools, which will store enough clean water for the school for the whole year
- > Responding to the European Refugee Crisis by supporting the work in Save the Children and the British Red Cross.

The Charity supports or runs large charitable programmes. Some highlights from the past 12 months include:

- > Charity Bike Ride – 80 Thomas Cook employees took part in a sponsored cycle ride from Peterborough to Paris in June, raising over £100,000 for the charity
- > Sponsored Walk – To mark the 175th Anniversary year of the business, the retail team came together for a sponsored walk with a difference in the summer. A team of 40 colleagues from across our retail network walked from Leicester to Loughborough, in Victorian costumes, to mark the first ever Thomas Cook tour – a steam train journey along the Great Central Railway from Leicester to Loughborough
- > Volunteering – The charity has been supporting Wheel Power's "Feel Inspired" sports camps across the UK this year. The aim of camps are for children with disabilities to discover sport in a friendly and completely inclusive environment. Our volunteers, from across offices and stores have supported camps in Birmingham, Leicester and Leeds with more planned in Norwich, Sussex and Blackpool

The Company also recently established the Safer Tourism Foundation, a charity which aims to improve the safety of holidaymakers travelling abroad. It will achieve this by funding research; developing and implementing solutions; and by raising awareness of travel risks and what individuals can do to protect themselves and their families.



# OUR EMPLOYEES

Looking after the health, welfare and well-being of our employees is a key priority and we aim to provide the best working environment for all our people.

## EMPLOYEE ENGAGEMENT

Our annual Group-wide employee engagement survey "Every Voice" provides our people with the opportunity to provide detailed feedback about how they feel across a number of areas such as clarity on the Company's direction; their views on our strategy; their confidence in their manager and the leadership; our culture; and how they feel about working for Thomas Cook.

Each year, we have seen an increase in our results, and this year – the first year of the survey – has been no exception. Our "Core Index", the formula for high performing organisations, achieved a 74% favourable rating overall, compared with 72% last year. Most importantly, we saw a significant increase in employee engagement, achieving 76% against a score last year of 72%. At the same time, employee commitment to the organisation, increased from 64-70%. We saw further growth in participation rates to 78%. We attribute this high level of response to the tangible actions we take each year in response to the feedback, actions that we communicate, linking back to the feedback we receive.

Nearly 10,000 open comments were received in this year's survey and have been shared with specific feedback for Peter Fankhauser and the leadership team.

We are particularly pleased that the questions which saw the biggest increases this year relate to pride in the organisation, recommendation of Thomas Cook as a great place to work, and strong belief in the direction and strategy relating to our customers and products.

Results from the survey are shared with each team, so they can build detailed action plans, culminating in one overall plan for the Group. Action plans are reviewed closely three times each year by the Group Management Committee (GMC) to check progress and maintain momentum.

## EMPLOYEE DEVELOPMENT

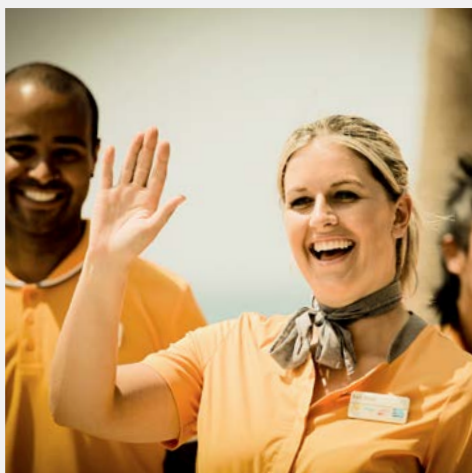
We believe that training and developing our staff is the key to a successful, innovative, and forward looking business.

## DIVERSITY AND INCLUSION

Achieving our vision to become the world's best loved travel company will only happen by ensuring we have a truly engaged and diverse workforce, who care about our customers and who are led by an inspiring, energetic and diverse leadership team. We take great

care to make sure our recruitment and selection process, learning and development activities and career progression opportunities do not allow discrimination to occur.

We also work to ensure our colleagues can succeed in our business, regardless of their gender, marital status, race, age, sexual preference and orientation, ethnic origin, religion or belief, disability, (including colleagues who become disabled during service) or trade union affiliation. We have seen improvement in the gender diversity of our PLC Board, moving from 38-44% female this year. In our GMC, we have moved from 8% female to 29%. We have started a programme to promote opportunity for career development to create a gender balanced leadership team. This will include initiatives such as promoting development opportunities internally, a review of flexible working to increase appeal of leadership roles to female candidates, and ensuring gender balanced shortlists for leadership roles, both internally and externally.



# MANAGING HUMAN RIGHTS IMPACTS

**We understand that our operations have a direct impact on individuals and communities around the world.**

Thomas Cook Group operates a Human Rights policy across all operations and we are working with NGOs and other partners within the tourism industry to better understand and mitigate our impacts upon such individuals and communities.

Thomas Cook Group is committed to ensuring that there is no slavery or human trafficking in its business or supply chain. We have undertaken a review of our existing supply chains and are putting in place appropriate measures to improve transparency. These efforts include the implementation of a Supplier Code of Conduct, which details the key principles of our Human Rights policy along with key practical and proactive steps to reduce risk.

Our Code of Conduct provides practical guidance for all employees on the behaviour we expect while representing our business. We have also integrated human-rights related clauses into our supplier contracts which state that this is an area of zero tolerance for us. We promote the Travelife certification programme for hotels which focuses on a number of key areas related to human rights including employment practices, engagement with the local community, child protection and protecting indigenous peoples.

We are also participating in a joint industry initiatives to understand how we can work collaboratively towards a human rights approach tailored with our value chain.

You can find more detail about our work to eradicate modern slavery in our response to the Modern Slavery Act, which can be found [here](#).



# Planet



**The environmental impact of the travel industry is considerable, with around 5% of global carbon emissions coming from the travel and tourism sector.**

Over 2015, the UN World Tourism Organisation reported that global international tourist arrivals grew by 4.6% to reach 1.2 billion, with arrivals into European countries recording growth at 5%. Customer awareness of the issues of climate change are higher and the risks and impacts of climate change are becoming more significant. With the launch of the Paris Agreement and the historic agreement to mitigate international aviation emissions there has never been a greater focus in this area.

At Thomas Cook Group, we are aware of the issues and are determined to take action. We operate one of the most efficient airlines in the industry, with 74.4gCO<sub>2</sub> per passenger kilometre, compared with an average for the five largest European airlines of 90.11gCO<sub>2</sub> per passenger kilometre last year. But we know there is more to do. We are working to make our Group Airlines more efficient, collaborating with the rest of the airline industry to share best practice and investing in the next generation of aircraft to provide better performance and customer experience.

Our efforts to reduce our environmental impact go beyond reducing fuel use and carbon emissions. We also work hard to reduce the use of water in our facilities around the world, to use sustainable products and materials wherever possible, to reduce our production of waste and to produce and source our own renewable energy. We work with colleagues across the tourism and airline industries to make the most of technological developments to decrease energy use and to share best practice.

Target	2016 progress	Comments
Reduce office and retail electricity consumption by 60%, compared to 2010.	● On track	In 2016, we have reduced electricity by 54% compared to our baseline year of 2010. This is due to a combination of streamlining locations, increasing the focus on energy efficiency and installing new technologies, such as LED lighting. This reduction should continue with the refurbishment and relocation of office sites.
50% electricity will come from renewable sources.	● Achieved	In 2016, 49% of electricity came from renewable sources. We will look to build on this percentage and source more electricity from renewable sources.
Reduce paper usage by 60%.	● On track	In 2016, we reduced the number of brochures printed across the business. For example, in Germany the amount of paper used for brochures decreased year-on-year by 27%.
All paper purchased to come from sustainable sources.	● At risk	In 2016, we sourced 57% of brochure paper from sustainable sources. We will continue to engage with Procurement teams to look at how this can be improved.
All Concept Group accommodation suppliers to implement a local sourcing policy for food and beverage.	● At risk	27% hotels with a Travelife award have implemented local sourcing policies for food and beverage. We are looking to increase the number of own brand hotels with Travelife awards, with a renewed focus from 2017 onwards.
Reduce waste on board our Group Airlines.	● On track	We are working to align our procedures regarding waste across the four airlines. We also participate in the UK Sustainable Aviation Working Group on waste.
12% increase in airline fuel efficiency (compared to 2008).	● At risk	Although we have reduced fuel burn by 5% since 2008 and its associated carbon emissions our fuel efficiency figures have reduced year-on-year, we hope to accelerate this efficiency improvement over coming years. See Greenhouse gas emissions for more information.

# MANAGING OUR ENVIRONMENTAL IMPACT

Over the last year there has been an increasing global focus on climate change, with the development of two significant agreements.

The Paris Agreement has delivered a new framework for uniting and accelerating action and investment needed to address climate change. The treaty sets out a legal framework for national governments to drive down carbon emissions, adapt to its impact and give enhanced support to developing countries, by keeping global temperature increases this century to well below 2 degrees Celsius above pre-industrial levels.

ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is designed to mitigate international aviation emissions through a global market-based measure. It complements the basket of mitigation measures the air transport community is already pursuing to reduce emissions from international aviation. These include technical and operational improvements and advances in the production and use of sustainable alternative fuels for aviation.

We fully support both historic agreements and will put a renewed focus to continue to deliver carbon reductions through our business. We report annually to CDP's voluntary investor led programme and in 2016 scored a "B" which demonstrates we are taking coordinated action on climate change.

The majority of our greenhouse gas emissions come from our Group Airlines. Therefore, improving fuel efficiency is a key priority. While transport volumes across the industry have increased in the last ten years by around 50%, jet fuel consumption has risen only 3%.

Although we still operate one of the most efficient airlines, our fuel efficiency metric has increased this year. The main reason for this was a reduced load factor. Other contributing factors included; increases in flying speed to counteract potential three hour delays, increased in discretionary fuel and changes to how aircraft are loaded.

In the reporting year we have reinvigorated our fuel efficiency working group across the Group Airline business. In previous years we ran separate groups in the different airlines. With a Group-wide approach, the data is more effectively tracked, initiatives are more easily shared and greater improvements can be made.

During 2016, we continued to invest in our airline fleet, with a full refresh of the interiors of the vast majority of our existing planes. We also purchased of several new Airbus A321s. The estimated fuel and emission savings are between 7-8% over the lifetime of the aircraft.

Lightweight trolleys are in place on all our Condor flights and have been implemented on UK and Northern European flights too. Along with investing in new planes, the legacy fleet is undergoing a refurbishment programme that includes lightweight seating, improved in-flight entertainment and full cabin upgrades.

As well as the new fleet, we continue to make other operational improvements, for example, optimising flight plans including shorter routes, encouraging pilots to land using a reduced flap setting to reduce airframe drag and single engine taxiing amongst other things.

## Greenhouse gas emissions

	2016 Tonnes of CO <sub>2</sub> equivalent	2015 Tonnes of CO <sub>2</sub> equivalent	2014 Tonnes of CO <sub>2</sub> equivalent
Total Scope 1 - Direct Emissions	4,091,159	4,026,958	3,936,957
Total Scope 2 - Indirect Emissions	21,045	29,403	28,937
Total Emissions	4,112,204	4,056,361	3,965,894

We have reported on all the emission sources required under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013. These sources fall within our consolidated financial statement. We only have responsibility for the emission sources that are included in our consolidated statement.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data from EU Emission Trading Scheme and emission factors from the UK Government GHG Conversion Factors Guidance 2013.



# MANAGING OUR ENVIRONMENTAL IMPACT

## OPTIMUM FLIGHT

In the spirit of collaboration Thomas Cook Airlines took part in an "Optimum Flight" project alongside Sustainable Aviation as a test case under the Collaborative Environmental Management (CEM) approach. The project looked to develop closer cooperation between ground handling, air traffic and airport stakeholders. By sharing information we also hoped this would lead to improved relationships between stakeholders.

The aim of the Optimum Flight project was to measure current performance compared to the optimal potential performance of the airline and its operating environment. The Optimum Flight was to focus on every day achievable elements and how they could impact on fuel efficiency and how we could improve our operations.

A city pairing of Manchester in the UK to Arrecife in Lanzarote was chosen and four flights were conducted during 2013/14. Overall the Optimum Flights proved we could save 2% fuel as an example by reducing track miles, utilising continuous descent approaches, optimised taxi routes, reduced flap landing etc.

We also conducted a test using the new A321 aircraft which showed a reduced fuel burn of 260kg equivalent to 0.8 tonnes of CO<sub>2</sub>. One of the elements that was not easily measured in the project was the relationships that were formed between the industry partners and the airline. Working more closely together and forming a working relationship was one of the great benefits of the Optimum Flight project.



# MANAGING WATER IMPACTS

**Water is essential to our business. It is used for showers, swimming pools, cleaning and to grow food for the hotel restaurants. Many of our destinations are in areas recognised as being water scarce, with insufficient water readily available to meet the needs of the communities living there. Demand for water is projected to exceed supply by 40% by 2030 so it is imperative that we take action along with others in our industry.**

As water is used widely in our accommodation supply chain, it is our responsibility to engage with hoteliers and educate our customers to reduce consumption and avoid wasting water. We encourage hoteliers to subscribe to Travelife to demonstrate how they are monitoring and managing environmental impacts including water consumption.

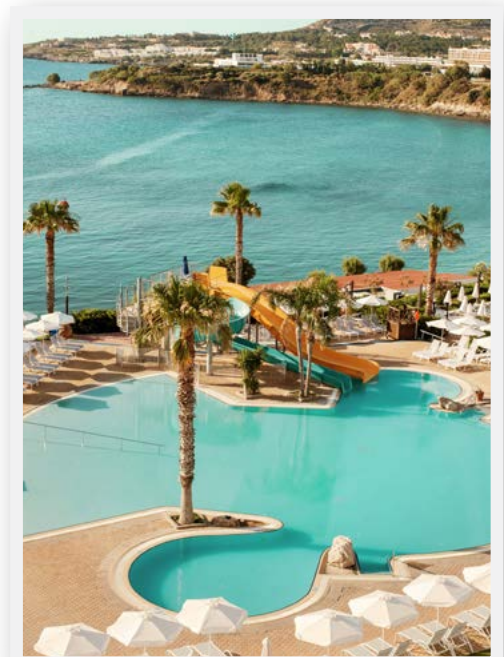
In order to understand how to balance the water expectations of our customers with the rights of local people and their environment, we initiated a pilot project in Rhodes, Greece in 2014. Thomas Cook Germany partnered with a water expert to assess 12 hotels to identify how much water they consume, where it is consumed and what is needed to help the hotels understand how to better manage their water consumption.

Following the investigation we developed a water management handbook so all of our hotels can benefit by managing and reducing their water use. The range of interventions vary from simple monitoring and measuring, to customer communications and assessing indirect water use, in particular water used to grow food. The handbook gives advice on how to set up a water efficient food buying strategy, looking at what to buy more or less of.

After implementing recommendations from the handbook, the Sentido Apollo Blue in Rhodes reduced water consumption by 11% year-on-year. Recommendations included introducing an improved bed linen and towel reuse programme, installing water flow restrictors in guest rooms, public bathrooms, and providing training on cleaning procedures including reducing the number of toilet-flushes during bathroom cleans.

This innovative project was awarded the EcoTrophea in the International DRV Awards for Environmental Protection and Social Responsibility in Tourism in 2014. This initiative won because water scarcity is an issue in many holiday destinations, so the strengthening of responsible conduct with regards to this precious resource, is one of the most important future tasks for the tourism industry. The jury highlighted the innovative approach of including indirect water consumption in the project scope, the development of water footprints and the inclusion of hotel staff in the form of water management training.

New swimming pools have been introduced across some Group Hotels. Early indications show that savings of over 25% of the water volume and 5% chemical volume to maintain hygiene can be made against traditional pools.



# OPERATIONAL EFFICIENCY

We operate in over 3,000 retail stores and across 20 office locations. During 2016, we have continued to become more energy efficient, reducing greenhouse gas emissions and costs. This is due to a combination of streamlining locations, increasing the focus on energy efficiency and installing new technologies, such as LED lighting.

By operating our business efficiently and measuring and managing our environmental impacts we can implement changes to reduce our costs and benefit the environment. In order to manage these impacts effectively, we have adopted environmental management systems at our head offices. These initiatives have also encouraged our employees to get involved by making improvements to their surroundings, helping to drive change through the organisation.

Recycling programmes and initiatives are in place across the business and our employees are actively encouraged to participate. In-flight waste is one of our main waste streams and our Group Airlines have been leaders in tackling this issue, despite the operational and legislative challenges it brings.

For us, energy security means finding ways to future proof the business against increasingly volatile energy markets. Across the Group, 38% of our energy comes from renewable sources. Our Northern European Airline generates 20% of its own power following the installation of the largest solar system in Copenhagen Airport on the engineering hangar roof. We remain committed to raising awareness of energy efficiency with our employees. Employee environmental forums and committees exist in many of our operating businesses to support behavioural change, suggest ideas and inspire colleagues.



## — ENERGY EFFICIENCY IN THOMAS COOK UK —

In 2016, Thomas Cook UK trialed an Advanced Building Energy Management System (ABEMS) with our facilities management company in three retail stores. This wireless control system creates the ability to proactively manage our retail sites remotely. The system looked at heating, air conditioning and lighting. In the eight-month trial, the selected stores were able to reduce electricity consumption by 28%.

Thomas Cook UK has also relocated its head office in Peterborough. This new building provides a modern, high-quality working space. The facility is reinvigorating the working environment for employees and provides a clean, modern infrastructure complete with the latest technology and facilities that includes wi-fi throughout, an auditorium and electric car charging points.

Our airline engineering facility in Manchester and customer contact centre in Falkirk have both undergone significant refurbishment. The installation of LED lighting and motion sensors as standard, along with upgraded heating and ventilation systems, not provide a more comfortable working environment for employees but will reduce energy consumption as well.



# Acting as a Responsible Business



**As a responsible business we need to examine every part of our operations, to deliver financial, social and environmental progress.**

Sustainability is driving and shaping our customer-focused long-term strategy. Our efforts to drive progress and greater engagement are at the heart of our new sustainability strategy, where we will seek to engage and collaborate with customers and the societies in which we operate.

For us this means having the best people, the best products and the best processes in place to create a sustainable business for the long-term.

We strive to promote thriving communities where our employees live and work, and in the destinations to which our customers travel. By collaborating with industry partners, supporting destinations and investing in communities, we are ensuring a high-quality service for residents and visitors alike.

Target	2016 progress	Comments
To have at least one Local Label excursion in every staffed destination.	● On track	We have 72 excursions across 40 destinations. Thomas Cook currently offers 72 staffed destinations. We are therefore 55% of the way to our target and will look to continue growth until 2020.
20% of customers to stay in accommodation certified with a GSTC recognised sustainability certification.	● At risk	Our emphasis has changed to focus more on our own product. Therefore this target needs restating to reflect this change. We endorse the Travelife Sustainability Certification, which is recognised by GSTC. Currently, 27% of own brand hotels have a Travelife award.
All own brand hotel accommodation suppliers to reduce water volumes to an average of 350 litres per guest night.	● On track	80% of our Sunwing Hotels consume less than 350 litres of water per guest night.  Continuous improvement in services offered include new spa installations, additional pools and water slides and the introduction of all inclusive concept has resulted a slight increase in water consumption for some hotels.  Continued actions to reduce water consumption include aerators in taps and showers, irrigating gardens at night, periodic water leak checks and automatic shut off for outdoor and kitchen showers to prevent wastage.
All own brand hotel accommodation to reduce electricity consumption measured per customer.	● At risk	Our Sunwing Hotels have increased electricity consumption due to the improvement of services offered to guests including new spas and pools.
For customers to rate Thomas Cook as a green and responsible business.	● At risk	The Group has changed the way it measures feedback from customers. Customer rating of us as a green and responsible business is not part of the new measurement process.
To measure and improve our hotel and accommodation health and safety performance scores.	● On track	Introduced a Quality Tracking Tool.



## ANIMAL WELFARE

Our customers demonstrate strong demand for visits to animal attractions and wildlife-viewing opportunities whilst on holiday. We recognise that these activities have a socio-economic benefit and can help to promote biodiversity and education initiatives.

However, we also are acutely aware of the welfare of animals impacted by tourism. Our Group Animal Welfare Policy commits us to upholding minimum standards of welfare for animals whose lives are impacted by tourism, and to protecting animals from neglect and cruelty. We work closely with the UK's travel industry association the Association of British Travel Agents (ABTA), other industry partners and animal welfare NGOs worldwide to reduce the negative impact upon animals.

We are currently reviewing our Group Animal Welfare Policy and strategy, with a view to enforcing compliance against the ABTA Global Animal Welfare Guidelines. Through this approach, we can ensure that each product is more enjoyable for customers as well as providing a higher standard of living for the animals.

Recognising that there is significantly more to be done in this area, we commissioned animal welfare experts Global Spirit at the start of 2016 to conduct an independent audit of a cross section of the animal attractions we offer for sale, assessed against the standards set out in the ABTA Global Welfare Guidance for Animals in Tourism.

Our new strategy, developed alongside The Born Free Foundation and announced in December 2016, requires all animal attractions and outings sold by us to evidence full compliance with the ABTA Global Welfare Guidance for Animals in Tourism. Attractions will be given three months from receipt of their audit report to make appropriate changes to meet standards set out in the guidance – if they cannot evidence these changes, we will stop selling them.

This is an important first step, and to be truly successful in improving welfare conditions for captive and wild animals, the industry must continue to work together. We are committed to raising the profile of the welfare of animals in tourism.



# LOCAL LABELS – SUSTAINABLE EXCURSIONS

Three years ago we launched an exciting range of excursions so that customers could immerse themselves in the culture of a destination and create lasting memories of their holiday. These “Local Label” excursions are designed to bring a place, its people and their traditions to life: celebrating authentic food and drink, sharing personal stories with local people, and contributing to the protection of ancient sites or natural habitats.

Local Label excursions are a key tool in helping us promote local employment and local economic development in destination and ensuring that benefit is experienced by local communities. We have 72 Local Label excursions in over 40 destinations and have plans to extend this in future.

We awarded our first tour “Highlights Nicaragua” with a Local Label. This tour offers the opportunity to learn about Nicaraguan culture and nature by visiting a local farm and finding out about sustainable farming methods.

Another great example of a Local Label excursion is our “100% Mayan” excursion in Mexico. This gives customers an opportunity to spend time with a real Mayan community whose village is situated near the Sian Ka’an Biosphere Reserve, a protected area rich in biodiversity. A local guide brings the stories of the village to life and customers can experience the natural wonders on a boat trip through the reserve as well as taste the locally grown food.

Funds from this excursion contribute to the purchase of food for the villagers and provide access to an organic gardener who teaches them how best to cultivate the land to make the most from the natural produce grown there. Funds are also being put towards developing more robust housing capable of withstanding a hurricane.

We know our customers value these excursions, with 76% of them saying that they would recommend Local Label to friends and family and 78% rating their overall experience as either good or excellent. We are working to develop more Local Label excursions across our destinations, with the aim of having at least one Local Label excursion in each staffed destination.



## SUSTAINABLE SUPPLY CHAIN

We have a diverse supply chain, made up of large and small business and individuals. Together we create unique holiday experiences for our customers and we work closely to develop the services and standards our customers expect. We have a Supplier Code of Conduct which sets out the expectations we have on our suppliers to work ethically and to reduce their environmental impact. This code is currently being implemented into all purchasing and contractor management processes across the Group, to drive change and manage risk.

Our own-brand hotels form the cornerstone of the Thomas Cook holiday offering. This includes Sunwing, Sunprime and SunConnect, all of which have a long-standing commitment to sustainability – for instance, all of our Sunwing properties have achieved EU Eco-Label and Travelife Gold awards.

We support both the Travelife Sustainability System and the EU Eco-Label. Travelife is sustainability accreditation scheme aimed at hotels. It is recognised by the Global Sustainable Tourism Council as a robust certification scheme that provides assurance for our customers. Subscribed hotels are independently audited against 163 different criteria that include environmental management, employee and customer engagement, local procurement, and labour and human rights. Successful hotels receive an award that is featured on the websites, in brochures and in marketing materials. This helps our customers to easily recognise hotels that protect and support their environment and local communities.

We have been working closely with Travelife to ensure our suppliers are prepared for the challenge of accreditation or have shown good progress since their last inspection to achieve re-accreditation. Participation in Travelife is now a mandatory requirement for our Sunwing, Sunprime and SENTIDO hotel brands. We will continue to work with all our own-brand hotels to enable them to achieve a Travelife award. Our Quality Managers have been working with some of our largest hotels to encourage them to start their sustainability journeys by subscribing to Travelife. This year we have done more to promote Travelife, including taking part in training sessions for hoteliers across Greece, to enable them to understand the strategic importance of the scheme to us as a tour operator business.







**Thomas Cook  
Group**

# **CUSTOMER AT OUR HEART**

**Contact us:**

sustainability@thomascook.com

**Address:**

Registered office:  
3rd Floor, South Building,  
200 Aldersgate,  
London EC1A 4HD  
Registered Number: 6091951

**[www.thomascookgroup.com](http://www.thomascookgroup.com)**

The Thomas Cook Group website provides news and details of the Group's activities, plus links to our customer sites and up-to-date information, including:

- › corporate news
- › presentations
- › share price data
- › historic Annual and Sustainability Reports
- › half-year results and interim management statements
- › news alerts
- › career opportunities