



Thomas Cook  
Group



# Transforming for a better future

## Year 2

Sustainability Report 2014

# About this report

## 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.

### 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.



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### Delivering sustainability

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## About our reporting

This is Thomas Cook's eighth annual Sustainability Report. The report covers Thomas Cook Group operations in full. This report was prepared using the Global Reporting Initiatives (GRI) G4 reporting guidelines. It is focused on our most material issues and in doing so we self-declare this report as being in accordance with GRI G4 Sustainability Reporting Framework at Core level.

 [to our full GRI G4 Content Index on page 40](#)

We are in the process of reviewing our sustainability strategy and material aspects, with the objective of launching our strategy and achieving comprehensive GRI G4 alignment by 2015.

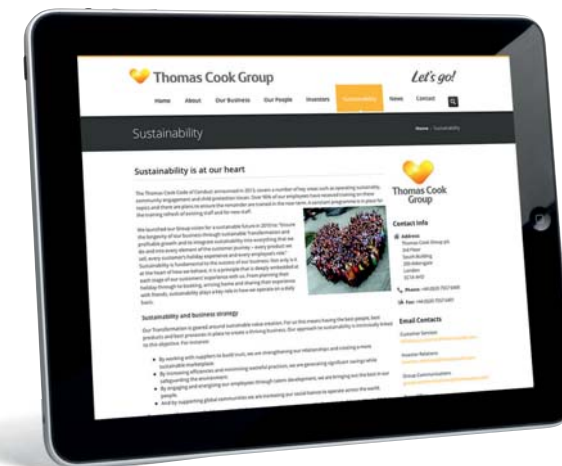
The data in this report covers the period from 1 October 2013 to 30 September 2014, unless otherwise stated and is referred to throughout the report as 2014.

We publish our sustainability report annually and our last report was published in March 2013. Previous reports can be accessed through our Group website at:

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

## Further reading

 [to the Sustainability section of our Group website](#)



# Overview



*Working as a Group we have to dig deeper than ever before to find different ways to operate. Thomas Cook is for people who embrace and love change, and have the energy and drive to do it positively to benefit our business and people, the environment, and communities we operate in.*



What  
Transformation  
means to...

# Anna

Group Head of HR – Corporate Functions



## Overview

# Transforming for a better future

## Our approach

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Tourism continues to be a growing industry in a world where global megatrends are changing how we live, work and travel. According to the World Travel & Tourism Council, tourism accounts for 9.5% of global Gross Domestic Product and employs 266 million people, making it one of the largest industries in the world. The reality is that such opportunity also brings responsibility. For example, the United Nations World Tourism Organisation Network (UNWTO) associates travel and tourism with 5% of global carbon emissions.

We believe that well-managed tourism is capable of generating positive economic and social development. At Thomas Cook Group plc we are just as committed to sustainability as we are to our Transformation.

Sustainability is driving and shaping our new culture and is critical in every element of our Transformation and is at the heart of our customer-focused profitable growth strategy. For us this means having the best people, the best products and the best processes in place to create and sustain a thriving business. It also means that we will meet our current needs as well as contributing to the future of our business, the environment, and the people and communities with whom we work, in order to create strong and robust value creation over the long term. This report outlines how we are delivering this strategy.

## Overview

## 2014 sustainability highlights



# 80%

Increased the number of Local Label sustainable excursions by 80% in one year

> Go to p15



# £1.9m

Raised £1.9 million for communities and charitable activities

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Launched

## One Million Hearts

Programme to provide more contact between all our employees and our customers

> Go to p21



# 35%

35% reductions in energy across our office and retail estate in one year

> Go to p32

## Launched MyPAD

To deliver effective performance management

> Go to p22

# £100m

invested in airline fleet renewal and cabin refurbishment

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# 53%

By digitalising the business, we have reduced paper consumption by 53%

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## Winners



Of the Best Travel Industry App Award for our TravelGuide app

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## Overview

# Our business today



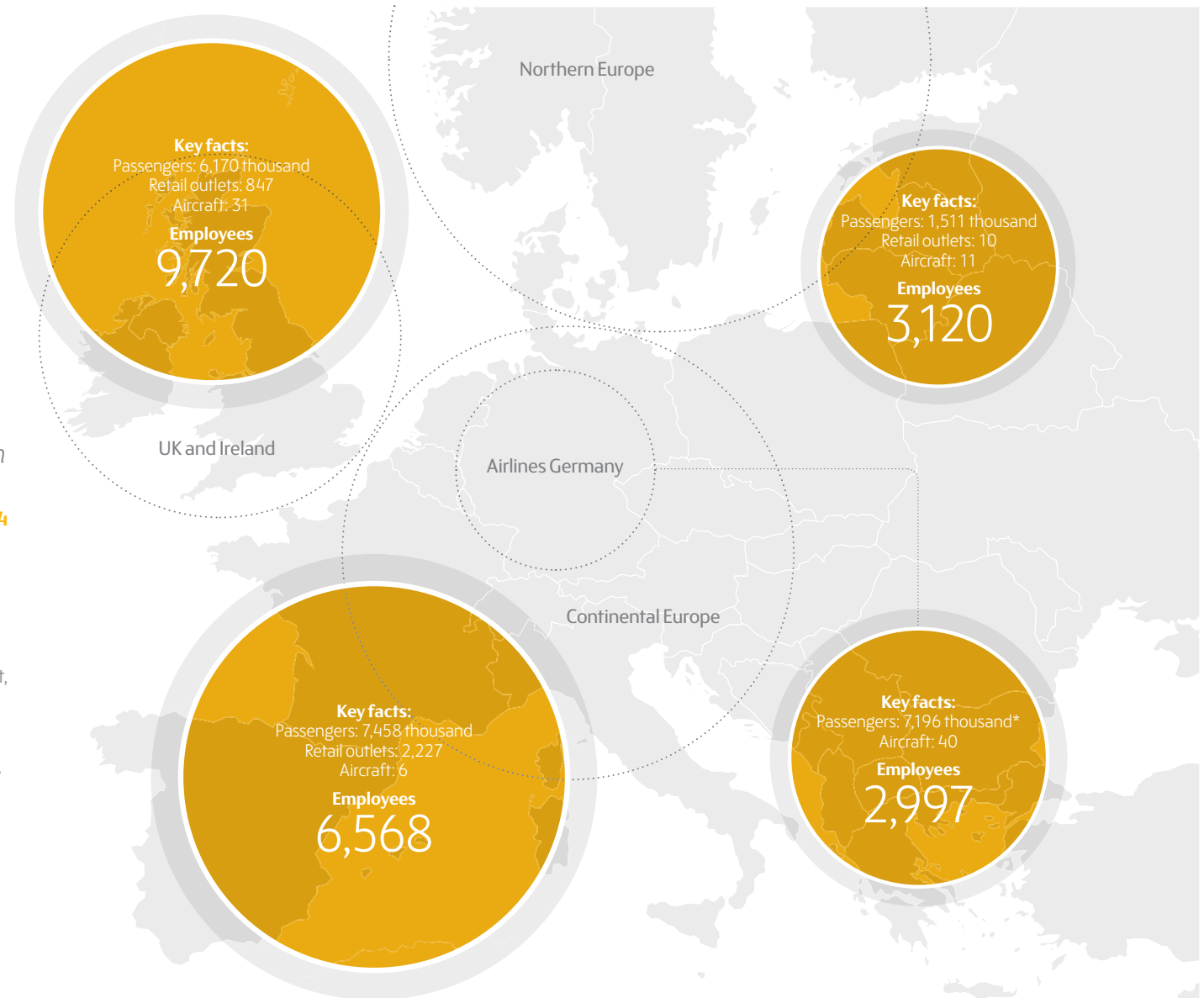
*Travel provides food for the mind; it contributes to the strength and enjoyment of the intellect; it helps to pull men out of the mire and pollution of old corrupt customs; it promotes a feeling of universal brotherhood; it accelerates the march of peace and virtue and love; it also contributes to the health of the body, by a relaxation from toil and invigoration of the physical powers.*

**Thomas Cook Excursionist Magazine, June 1854**



The fascination with exploring and seeking new adventures is ageless. Our timeless spirit of innovation started in 1842, and as a pioneer with a trusted heritage, we have shaped the modern travel experience by understanding what our customers want and fulfilling their dreams. Trust, personalisation and innovation are the values that customers come to us for, and it is this faith in our trusted products and our increasing digital presence that makes us stand out from the crowd. We are very proud to serve the 22.3 million customers who choose to travel with us every year, and we are transforming our business to serve even more customers, so that we can continue to deliver innovative ways for our customers to enjoy the most important weeks of their year.

Thomas Cook Group plc is one of the world's leading leisure travel groups with sales of over £8.5 billion in the year ended 30 September 2014. Thomas Cook is supported by approximately 27,000 employees and operates from 15 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).



\* Includes 2.6 million in-house customers.

## Overview

# Introduction by Harriet Green



We are committed to ensuring that the Thomas Cook Transformation is sustainable. Year-on-year our values are better understood and our culture is changing hugely with sustainability shaping our Transformation and supporting the long-term success of the Group.

Over the last financial year we have renewed our drive to put the customer at the heart of our organisation by providing an increasing variety of new products to meet their changing needs and driving digital innovations to ensure they can reach us through any channel, whenever, wherever and however they want to connect with us.

Our vision for sustainability is simple. For us it is how we meet our needs today and contribute to the future of our business, the environment and the people and communities with whom we work. In this way we aim to create a strong and robust business that will operate responsibly and ethically in the generation of value creation over the long term.

Just as important is that our vision is underpinned by the Thomas Cook Business System and supported by our Code of Conduct. The Code covers all of the areas material to our business, from how we operate sustainably by engaging with the communities in which we work and to which our customers travel, through to protecting the children who travel with us, and live in the destinations we visit. The Code represents a commitment we each make and a philosophy that is embedded within every aspect of our behaviours and fundamental to how we deliver holidays to our customers in a responsible way.

Travel remains one of the few, fast-growing, global markets and with the opportunity it presents there comes a tremendous responsibility to ensure sustainability. For us, being a successful business goes hand in hand with being a responsible business and I am proud that, as a Group, we have a strong commitment to environmental and social sustainability.

I am particularly pleased that we received the Deutscher ReiseVerband (DRV) award for Environmental Protection and Social Responsibility in Tourism for our water management project. Water conservation is fast being understood as a matter of major global importance and our innovative project will allow us to improve and enable more effective water management in our Concept Hotels.

 to "Managing water" case study on page 32

This report provides an insight to all the exciting work we are undertaking in sustainability, and how we all work together with a shared culture to live up to our responsibilities. It demonstrates how we are meeting our challenging 2020 sustainability targets and how these are kept under constant review. During 2015, for example, we will be resetting our targets to ensure we continually deliver sustainability improvements both for our business and our key stakeholders and I look forward to sharing these with you.

### Harriet Green

Group Chief Executive Officer  
up to and including the date of this report



### Peter Fankhauser

Chief Executive Officer  
with effect from  
26 November 2014



*Sustainability is critical in every element of the Transformation and at the heart of our customer-focussed profitable growth strategy.*



## Overview

# Our sustainability strategy

## Our vision for sustainability

We are committed to the sustainable Transformation of Thomas Cook to ensure its long-term success. Our vision for sustainability is to meet our current needs and to contribute to the future of our business, the environment, and the people and communities with whom we work. This will create a strong and robust business that will operate responsibly and ethically, and create value for our people and customers over the long term. Our vision is underpinned by the Thomas Cook Business System (TCBS).

The cornerstone of our approach to sustainability is our Code of Conduct. It defines our values, our ways of working and how each and every one of us should act responsibly. We're embedding sustainable practices in every area of our business and engaging our colleagues, customers, suppliers and stakeholders in our endeavours. Sustainability is at the heart of how we behave and is being incorporated into every stage of our customers' experience with us.



*Our vision for sustainability is to meet our current needs and to contribute to the future of our business, the environment, and the people and communities with whom we work.*



## Aligning sustainability with our corporate strategy: the Thomas Cook Business System

### Profitable growth through trusted, personalised products

- > Customer-centred design of trusted, personalised products
- > Quality assurance of products and service
- > Controlled concepts delivering enhanced value
- > Future growth through operational strengths, new partnerships and internationalisation

📄 to page 12

### Top-to-bottom leadership and relentless performance management

- > Systematic performance management against aligned strategic and operational targets
- > Integrated risk processes
- > Leaders throughout who inspire and support people to deliver

📄 to page 19



### High Tech, High Touch: a digital business

- > Business system shifted increasingly online
- > Digitising activities to bring Voyager Android alive
- > Structurally lower costs: increased spans and fewer layers
- > Accelerated new product development

📄 to page 25

### Efficient structures, systems and processes through lean & innovation

- > Group-wide horizontal processes supporting vertical businesses, driven through a Wave 2 of cost out and profit improvement initiatives
- > Lean operating system driving continuous innovation and improvement
- > Consolidated shared services enabling local delivery

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## This system is underpinned by:

- > Listening to and acting on the voice and insights of customers
- > Employees who live for delivering our brand, promise and products consistent with core values
- > Lean with ourselves, lavish with our customers
- > Our customer at the heart of all goals for all employees

## Overview

# Our sustainability strategy *continued*

## Sustainability and Transformation

To ensure the sustainability of our Transformation the Group has developed the TCBS, and we have used this framework to structure our approach to sustainability. For instance:

- > By working with suppliers to ensure a sustainable supply chain and developing new products we are enabling profitable growth through trusted personalised products.
- > By engaging and energising our employees through talent development, we are enabling top-to-bottom leadership and effective performance management.
- > By increasing efficiencies and minimising wasteful practices we are becoming a leaner and more innovative business.
- > By digitising our business, and for example reducing paper consumption, we are delivering our high tech, high touch approach.

In recognition of the growing scale and pace of our industry, and how it is intrinsically linked to all key socio- and geo-political trends, we are now reviewing our sustainability targets in order to replace the targets we developed in 2011. Over the next financial year the Group will launch a programme to ensure we continue to focus on our material issues, and the outcomes will be communicated in our next Sustainability Report.

## Key issues and targets

As a worldwide travel business we are faced with a broad range of issues and sustainability-related challenges. Our key sustainability issues are those we have identified as both important to our stakeholders and to our business. Engagement with stakeholders – those groups who influence our business or who are influenced by it – continues to inform our sustainability strategy and ensures we focus on the most important issues, while driving improvements in our performance. The issues we face are determined by the size, nature and geography of the respective parts of our business and we prioritise those issues which will further our business strategy, are of concern to stakeholders and where we have the ability to influence the outcome.

 to “Stakeholder engagement and key partnerships” section on page 36

In 2011 we shared the sustainability targets that would take us to 2020. Since then, thousands of colleagues around the world have worked together to deliver some fantastic achievements. Examples include:

- > Engaging all employees in sustainability in the roll out of our Code of Conduct.
- > Bringing sustainability to life for more than 65 million customers through communications and consumer campaigns, including the Travel Foundation's Make Holidays Greener.
- > Supporting charitable activities and community programmes by raising more than £7 million.
- > Running one of the most efficient airlines in the industry with 71.5 gCO<sub>2</sub> per passenger kilometre, compared with an average for the five largest European airlines of 93.11 gCO<sub>2</sub> per passenger kilometre.

To find out how we performed against these targets in 2014, please refer to ‘Our performance’. We will be reviewing these targets over the next financial year.

 to “Performance and targets” section on page 37

## Overview

# Awards and recognition

We have won a number of awards this year and are proud of our continued recognition by external experts for our hard work. In particular:

### **DRV Award for Environmental Protection and Social Responsibility in Tourism – December 2014**

The DRV awards have been highlighting innovations in sustainable tourism since 1987, and awards one initiative or project each year.

### **Jane's Award at World Air Travel Management Congress – April 2014**

Environment Award for Flight Efficiency – Thomas Cook Airlines and EUROCONTROL.

### **PLC Awards – March 2014**

Achievement in Sustainability Award – Thomas Cook Group.

### **Focus Magazine survey (Germany) – February 2014**

Gold Medal Sustainability Award 2014 – Condor (German Airline).

### **Atmosfair's 2013 Airline Index**

This index ranks the world's 180 largest airlines on carbon efficiency. Our German Airline, Condor, was ranked joint third in the medium haul category and sixth overall.

 [to the Thomas Cook Group website for a full list of awards](#)



# Delivering sustainability



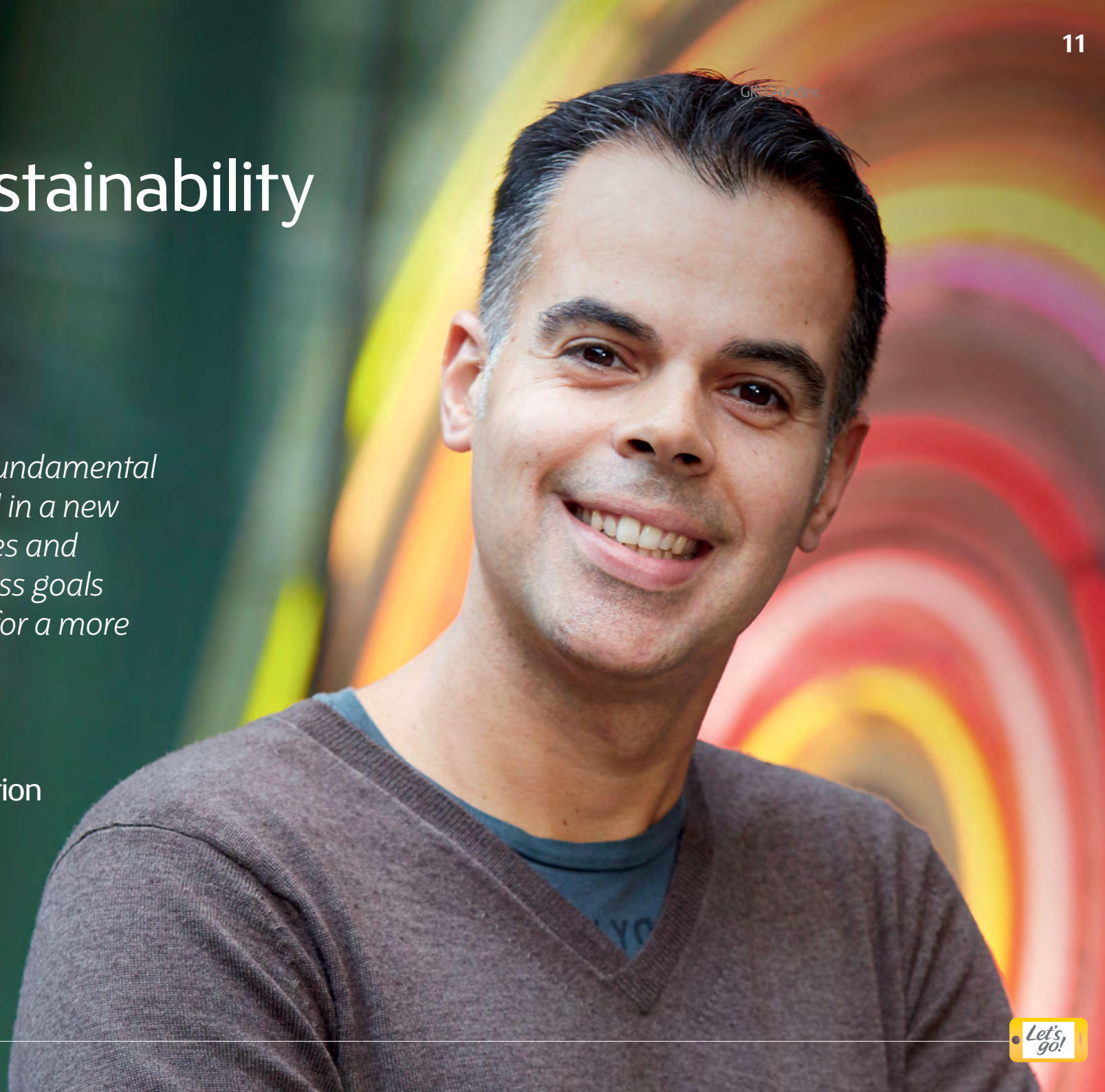
*...being part of a process of fundamental change that takes us forward in a new direction, improving processes and technology to achieve business goals and transform our business for a more sustainable future.*



What  
Transformation  
means to...

# Gui

Head of Optimisation



Delivering sustainability

# Profitable growth through trusted, personalised products

## The Thomas Cook Business System

Profitable growth through trusted, personalised products

High Tech, High Touch: a digital business



Top-to-bottom leadership and relentless performance management

Efficient structures, systems and processes through lean & innovation

## Introduction

Throughout the year we have continued to work with suppliers to develop a sustainable supply chain and products as part of our ongoing Transformation.

We know from research that customers look to the tourism industry to take the lead in sustainability so we continue to develop and communicate a range of activities to meet their expectations and make it as easy as possible for them to play their part. Our approach therefore includes sustainable choices that range from our unique Local Label sustainable excursion programme through to our highlighting of responsible hotels.

Customers are at the heart of what we do and in order to create the most memorable experiences for them we have a diverse value chain that is comprised of individuals as well as small and large businesses. We operate a robust quality assurance programme to develop the services and standards our customers expect and we continue to build sustainability into our quality assurance approach through the use of the Travelife and EU Eco Label certification schemes.

Thomas Cook has a long tradition of social commitment and charitable activity, similarly child safety and protection is central to our business. We strive to create thriving communities where our employees live and work, and where 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.

# 80%

increase in the number of Local Label sustainable excursions over the last year

# 296

hotels were highlighted as having sustainable certifications to our customers

# £1.9m

raised for communities and charitable activities

## Delivering sustainability

# Profitable growth through trusted, personalised products *continued*

## Adding value to the customer experience

In 2014 over 22.3 million customers booked their holiday with us and we continually strive to demonstrate that their trust is well placed. Our brand derives key strengths from the support and protection offered to our customers from the moment they book with us until the time they return home. We believe that this is due to the availability of competitively priced products, and the greater security and quality assurance available when booking package holidays that exists over and above the purchase of component parts. Financial protection schemes, whether compulsory or voluntary, represent an important part of that security as they give customers the confidence to commit to their holidays in advance with the knowledge that their money will be safe. We actively work with governments to develop policies to protect as many holidaymakers as possible.

Our customers are at the heart of everything we do and we aim to always maintain high levels of customer satisfaction. To do this, we:

- > Train our customer-facing employees to deliver our promises at every stage of the journey.
- > Listen to our customers and respond to their needs, expectations and feedback.
- > Ask our customers to tell us about their experiences, using channels such as online forums, mystery shoppers, satisfaction surveys, social media and telephone interviews.
- > Analyse our customers' feedback, share it across the business and act on it to improve our products and services and resolve concerns.

We are in the process of standardising our customer feedback processes across the Group, including questions, methodologies and reporting.

## Maintaining a quality experience across the customer journey

An important part of our strategy for profitable growth is to ensure that we create products that our customers can trust and that we deliver what our customers expect. We achieve this by the development of a robust quality assurance process and have this year strengthened our commitment even further with the creation of a unified Group Quality Assurance team. Our approach is to ensure that all hotels within our differentiated product range, and those we send high volumes of customers to, have strict standards in place relating to health, safety and well-being. Our focus has been on meeting and exceeding customer expectations, assuring the safety of customers while on holiday, delivering excellent quality standards and encouraging hotels to recognise the importance of sustainability by working towards Travelife and other environmental and social accreditation systems. This approach plays a key part in our continued pursuit of a sustainable supply chain.



to "Building a sustainable supply chain" on page 14

During this financial year we entered a strategic partnership with TrustYou, the global leader in online reputation management, to ensure all hotels adhere to our rigorous quality control criteria. TrustYou will review more than 45,000 hotels within our portfolio, using an online reputation management tool that monitors and responds to all online travel reviews written worldwide. This will allow us to search, analyse and distil user-generated content into accessible, independent summaries of verified internet reviews. We'll also be able to use the results to provide hotel partners with a real-time indication of how they are performing in the eyes of our customers, while also identifying areas for improvement that can be immediately addressed.

Protecting our customers and ensuring they have a safe and enjoyable holiday is one of our top priorities. All our operations are regulated and we aim to minimise health and safety risks, wherever possible. Our airlines meet regulatory safety standards and our hotels, transfers and excursions are audited against internal and industry-preferred practice. As members of ABTA and the Federation of Tour Operators (FTO) we actively promote the guidelines contained with the ABTA/FTO Tourism Accommodation Health & Safety Technical Guide and sit on the Technical Group in relation to the Tourism Safety Accommodation Campaign. Five concept hotels were recognised with a "Cristal" award from Check Safety First in 2013 and the Sunwing Bangtao Beach hotel achieved the overall award in the Asia/Pacific category. These awards recognise hotels that consistently achieve exceptional levels of health and safety.

Our health and safety strategy reflects internal best practice. It also recognises the variety of products and services we offer, and their delivery in different locations by a large number of independent suppliers, who are each subject to diverse regulatory regimes and safety standards. We aim for consistency across the Group and have adopted common systems and safety approaches to standardise decision-making and reporting. We inform suppliers of the internal preferred practice and strive to continually improve our processes.

## Delivering sustainability

# Profitable growth through trusted, personalised products *continued*

Our Group health and safety framework relies on a number of core components:

- > **Supplier checks:** We expect as a minimum that our suppliers will meet the legal requirements of their own country. We then require them to address any specific issues of concern that may not be covered in their local laws and use the FTO guidelines to drive their performance. We expect all the third-party airlines with whom we work to meet appropriate, acceptable international safety standards. We partner with SGS, an internationally recognised audit and certification provider. SGS undertake audits of hotel, excursion and land transportation suppliers and the results of these audits are carefully monitored to ensure that we drive safety standards in key areas.
- > **Training our employees:** We provide training for all our destination teams, as they play a vital role in remaining vigilant over health and safety concerns and escalating issues for further investigation. This training is under constant review and we are embarking on all new e-learning modules for our teams over the next financial year, adopting up-to-date and proven learning techniques.
- > **Customer information and awareness:** We aim to help our customers look after themselves, their families and their travelling companions. We do this by providing information to raise awareness, for example, in brochures, on tickets, during flights and in resort, as well as promoting Foreign Office travel advice and health information. We also ensure that we learn from our customer experiences and the feedback given to us.
- > **Collaborating with experts:** We work with those who are able to give us specialist advice on safety matters that may affect the holidays we sell. These include the World Health Organisation, the European Centre for Disease Prevention and Control and Control, ABTA and the FTO.
- > **Reporting and performance:** Working towards consistency in our customer incident and illness reporting helps us to monitor incidents closely and make health and safety changes where necessary.

## Building a sustainable supply chain

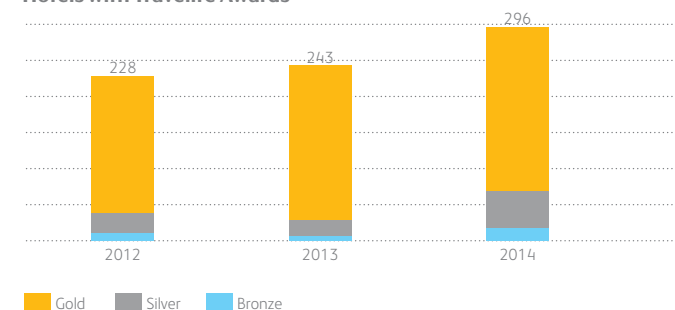
We have a diverse supply chain, made up of large and small business and individuals. Together we create unique holiday experiences for our customers and we work closely to develop the services and standards our customers expect.

Thomas Cook Group supports both the Travelife Sustainability System and the EU Eco-Label.

Travelife 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 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 our 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 increased the number of awarded hotels by 22% compared to the previous year; this includes 35% of our Concept Hotel range established in 2013. As the new Travelife award criteria, introduced at the start of the summer season, are more stringent we have been working closely with Travelife to ensure our suppliers are prepared for this challenge and are well placed to achieve or renew their award. Participation in Travelife is now a mandatory requirement for our Sunwing, Sunprime and SENTIDO Concept Hotel brands. Our Quality Managers have been working with some of our largest hotels to encourage them to start their sustainability journeys by subscribing to Travelife.

## Hotels with Travelife Awards

Hotels with Travelife Awards



The EU Eco-Label scheme is designed to encourage the production and use of more environmentally friendly products and services. It achieves this by specifying and certifying products or services that have a reduced environmental footprint through an independent audit. Ten Sunwing Family Resorts have received an EU Ecolabel, more than 80% of the portfolio. Some of the hotels were the first to receive an Ecolabel in that location, for example the Sunwing Kamala in Phuket, Thailand, was the first hotel to be awarded in Asia.

Animal welfare is of increasing concern to our customers and we take all welfare issues in our supply chain very seriously. We were the first major tour operator in the UK to have a published animal welfare policy and were actively involved in the development of the industry's first Global Welfare Guidance for Animals in Tourism, which include minimum requirements for suppliers. These are being circulated around our suppliers and we continue to evaluate their impact. We also work closely with industry colleagues, NGOs and campaign groups to promote and improve standards across the world.

Delivering sustainability

## Profitable growth through trusted, personalised products *continued*



### Saviours of the temple, Cambodia



Thomas Cook Germany is a member of Futouris, a travel industry organisation that aims to improve sustainability in tourist destinations. We support a number of projects that benefit local communities, enabling 1,000 customers to learn first-hand how tourism can be a force for good by visiting the projects. One example is the scheme in Cambodia that aims to preserve irreplaceable cultural assets for future generations. The Prasat Kravan temple is part of the cultural world heritage site “Angkor Park”, where Khmer god-kings from the ninth century built a number of temples. This project has enabled the protection and restoration of these ancient relics and has provided long-term employment and training of local people involved in the project.

### Creating lasting memories – Local Labels

An enriching holiday experience comes from not only seeing new places but from learning and experiencing the local culture, particularly when in the company of local people. We believe that diverse cultures and authentic experiences create holidays that people will enjoy and will encourage them to return to those places.

Last summer 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. We call these Local Label excursions as they are designed to bring a place, its people and their traditions to life by celebrating authentic food and drink, sharing personal stories with local people and contributing to the protection of ancient sites or natural habitats. The Local Label excursions generate direct benefits for local communities by helping to preserve traditional cultures and positively impacting local economies.

This year we have significantly increased the number of Local Label excursions from 40 across 23 destinations to 72 across 42 destinations, an increase of 80%. We have also 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.

A 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 hurricane damage.

Our customers value the new excursions. 76% of them are happy to recommend Local Label to friends and family and 78% rate their overall experience as good or excellent.

# 72 Local Labels

across 42 destinations in 2014

# £660,000

was generated in Local Label communities in 2013 through customer spending

# 63,000+

customers enjoyed a Local Label excursion in 2013

# 78%

rate their experience as good or excellent

Delivering sustainability

## Profitable growth through trusted, personalised products *continued*

### Creating lasting memories – Local Labels

Here are just a few examples of our authentic Local Label excursions.



The 100% Mayan excursion in Mexico brings local traditions to life and supports local food production with a visit to a Mayan family home. There is also the opportunity to experience nature and conservation with a trip to the Sian Ka'an biosphere.



The Gran Canaria Premium excursion, Spain, helps support the local economy and food production with a food and wine tasting event in a village. A trip to a museum that showcases local handmade artisan products is also included, along with an opportunity to purchase these products.



The Sicily Cooking excursion in Italy brings local traditions to life and supports the economy there by visiting the local market to purchase ingredients, which will then be used in a cooking class with a Sicilian chef.



The Turtle Time Excursion in Turkey helps to support nature conservation and provides an educational experience. At the Turtle Rescue and Rehabilitation Centre you can see how the turtles are nursed back to health before being released into the wild.



The Nature and Tastes of Crete excursion in Greece helps to support nature conservation with a visit to the Kounaviano Gorge, followed by a visit to a traditional winery to learn about how the local organic wine is produced.

## Delivering sustainability

# Profitable growth through trusted, personalised products *continued*

## Contributing to local economic development

According to the World Travel and Tourism Council, tourism is one of the largest industries in the world, generating an estimated 9.5% of global Gross Domestic Product and employing 266 million people. Managed well, it is clear tourism can be a real force for good, generating positive economic development and Thomas Cook is committed to ensuring that the benefit from our business is shared with the economies of the destinations our customers love to visit.

This commitment is demonstrated by a project that supports the Melipona bee in Riviera Maya, Mexico, where the Mayan communities have kept Melipona bees for centuries. However, the bees' habitats have changed, resulting in a 93% decline in the number of hives in the last 25 years. Working with The Travel Foundation, Thomas Cook UK helped to set up a co-operative to conserve the bees and improve local livelihoods for the Mayan women. With funding from the generous donations of our customers and employees, The Travel Foundation planted 450 fruit trees to boost the bees' natural habitat, provided extra bee boxes and also trained the Mayan women to turn the bees' honey into products including soap, shampoos, shower gels, lip balms and insect repellent. The beekeepers are now able to make a living by selling the products to nearby hotels.

## Charitable activities and community investment

We are focused on creating thriving communities where our employees live and work, as well as where our customers travel, and by supporting destinations and investing in communities we are ensuring a high-quality service for residents and visitors alike. We do this in a number of ways. For example, during the 2014 Make Holidays Greener annual consumer awareness campaign, we reached over 20,000 customers with engaging messages and joined them with employees, suppliers and local residents, to collect more than three tonnes of waste from beach cleans in 17 destinations, including Kenya and Cyprus.

Thomas Cook has a strong tradition of charitable giving and community investment, dating back to our founder who was a passionate philanthropist. We continue to support charities and community development across the destinations in which we operate and work through fundraising, corporate giving, staff time and resource, volunteering and in-kind donations. We also contribute to disaster and emergency relief efforts, for example we donated £52,000 to a number of charities, including Save the Children, Hayian 2020 and Help without Frontiers, when Typhoon Haiyan hit the Philippines in November 2013. Thomas Cook Germany donated €100,000 to build a school in northern Sri Lanka in co-operation with the German charity World Hunger Aid. The school opened in February 2013 with a sister school opening in April 2014. The two schools can now educate more than 500 pupils from an area heavily affected by the civil war.

The Thomas Cook Group corporate charity aims to improve children's lives by working with partner organisations. Its remit emphasises the provision of safe, clean drinking water, improving education, well-being and healthcare facilities.



*We are focused on creating thriving communities where our employees live and work, as well as where our customers travel, and by supporting destinations and investing in communities we are ensuring a high-quality service for residents and visitors alike.*



The Charity has raised over £5 million in the last five years through a mixture of sources, ranging from customer donations to payroll giving and staff fundraising initiatives. Its activities, no matter how small or big, engage staff at all levels and create benefits for their local communities. For example, during 2014 a team of eight employees, including Harriet Green, cycled in Prudential's Ride London – Surrey 100 event.

The team raised over £100,000 and this sum was equally split between the Thomas Cook Children's Charity and Whizz Kids, a charity that works to transform the lives of disabled children in the UK.

We measure our charitable and community contributions using the established London Benchmarking Group (LBG) methodology.



to our "Total Community investment" on page 18

## Delivering sustainability

# Profitable growth through trusted, personalised products *continued*

## Total community investment

The value of cash contributions contains employee, customer and corporate donations. Employee volunteering figures have reduced, due to how support for the annual Flight of Dreams is sourced. Previously we requested volunteers but in 2014 employees were rostered to support the flights. In-kind support decreased between 2012 and 2013 due to the sale of North America, which contributed a large percentage of support.

|                             | 2012       | 2013       | 2014       |
|-----------------------------|------------|------------|------------|
| Value of cash contributions | £1,664,594 | £1,277,415 | £1,633,690 |
| Employee volunteering       | £13,037    | £24,864    | £8,774     |
| In-kind contributions       | £1,340,977 | £537,150   | £300,438   |
| Total value                 | £3,018,608 | £1,839,429 | £1,942,902 |

## Child protection and human rights

Child safety and protection is central to our business and Thomas Cook is fully committed to the UN Convention on the Rights of the Child. We believe it is our responsibility to promote and safeguard children's welfare and we are committed to "The Code" (an industry-driven international code of conduct).

We raise awareness with our stakeholders and employees, ensuring they are suitably informed and trained to act effectively when child safety might be at risk. All overseas staff working with children have received training on child protection, child prostitution and trafficking while all accommodation contracts contain a clause on child protection, placing the onus on suppliers to address the issue. In November 2013 we trained

more than 5,000 retail employees in the UK to help raise awareness of risks to children in tourism and how to protect them.

We recognise the UN Guiding Principles on Business and Human Rights and are aligned with the UN Global Compact. Our Code of Conduct provides practical guidance for all employees on living our values and we have integrated human rights related clauses into our supplier contracts while also promoting Travelife. We make it very clear that this is an area of zero tolerance for us. We are also participating in a joint industry initiative to understand how we can work collaboratively towards a human rights approach tailored to our value chain and have initiated internal stakeholder consultations in this area.

 to "Building a sustainable supply chain" on page 14



### Employee volunteering



view a video of the ConTribute programme in Brazil

We facilitate and support employees who wish to undertake voluntary work within the community or for charitable institutions. In 2014 we enabled 101 volunteers to spend 123 hours of volunteering time. Our employees have a wide range of skills and knowledge which, when shared, can have a big impact on the organisations they wish to support, while also increasing individual engagement and motivation.

This year our people supported the annual Flight of Dreams, which offers children from disadvantaged backgrounds or those with special educational needs the chance to experience a magical and festive flight over the UK. Within our Condor business employees have chosen to be involved through the ConTribute team. This team focuses its activities primarily on initiatives for children that also involve cultural exchange, sustainable travel and support during natural disasters. ConTribute in partnership with Help Alliance, an independent aid organisation, supports the Guarabira children's village in Brazil. The village fosters 70 young people who are in need of a home and education. A Condor employee regularly volunteers with the village and has used donations from the ConTribute and Help Alliance programmes to help to build a new playground.

Delivering sustainability

# Leadership and relentless performance management

## The Thomas Cook Business System

Profitable growth through trusted, personalised products

High Tech, High Touch: a digital business



Top-to-bottom leadership and relentless performance management

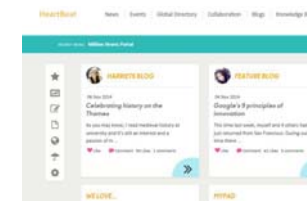
Efficient structures, systems and processes through lean & innovation

## Introduction

Our culture and people are central to the delivery of our Transformation and drive for sustainable growth. There is considerable support and focus from our leaders to attract, develop, engage and reward a diverse talent base and so enable the delivery of value creation over the longer term. We recognise that a sustainable transformation goes hand in hand with cultural change and this section outlines the key activities contributing to this cultural shift.



*Our culture and people are central to the delivery of our Transformation and drive for sustainable growth.*



Launched Heartbeat – new Group-wide intranet to engage our employees in collaboration and bring the business even closer together



Launched One Million Hearts Programme to provide more contact between all our employees and our customers



Launched MyPAD to deliver effective performance management



Condor achieved the Gold seal award in the 2014 Mit gutem Gewissen survey by Focus and Focus Money

## Delivering sustainability

# Leadership and relentless performance management *continued*

## Values, ways of working and Code of Conduct

We launched our Values, Ways of Working and a Code of Conduct in 2012 as an expression of what we do and who we are. These principles provide a solid and unified framework across the Group to guide our behaviours and how we conduct our work. The original launch was delivered through face-to-face training to maximise engagement, and supported in subsequent years with the confirmation from all employees that they have read, understood and will abide by the Thomas Cook Code of Conduct. For new employees, training is included as part of their induction. We monitor our ways of working through interviews and through our Group-wide Employee Engagement Survey. Feedback from employees on our Code of Conduct has been overwhelmingly positive. To ensure it remains relevant and continues to positively impact the Thomas Cook culture we will look to refresh its content during 2015.

## Communicating and engaging with our employees

We have a number of regular forums and channels to ensure effective communication and governance for our organisation.

The Thomas Cook Leadership Council (TCLC) meets quarterly. The theme of each meeting is directly connected to our Transformation, to communicate, inspire and share progress and ownership. These meetings have been instrumental in engaging our top leaders and providing a platform for “Groupness” and collaboration. In addition the CEO regularly meets with the Executive Committee and chairs a monthly strategy review with senior leaders across the Group to discuss progress and plans to deliver all elements of the Transformation. The CEO also carries out monthly one-to-ones with all direct reports to review progress on objectives, ensure alignment on key decisions and offer support.

In addition to regular forums for our leadership teams we also have a range of channels to communicate with our employees. In March 2014 we launched a significant new social collaborative intranet called HeartBeat. This one system replaced 17 diverse Thomas Cook Intranets. It represents more than a system change as it symbolises a cultural shift and a new era of collaboration. HeartBeat provides access for everyone to blog, interact and collaborate. It also provides a range of videos and cascade materials and, in addition to digital newsletters, there are regular video features of locally-held interactive Town Hall style meetings.

## Communicating sustainability



Engaging our employees in sustainability is a big part of what we do. People who are passionate about ensuring the longevity of our business and the destinations upon which we depend become our greatest advocates and will encourage similar behaviours in others, while sharing best practice across the Group.

With the launch of HeartBeat, we now have a dedicated forum for all employees to be actively involved in sustainability. From regular news articles to collaboration groups celebrating the United Nations World Tourism Day, to interactive lunch and learn sessions. Communications on sustainability have increased and “green teams” within the different business segments are successfully driving a variety of sustainability initiatives. These initiatives cover implementation of the globally recognised environmental management standard ISO14001 in the Northern European and UK Airlines, and also include Condor’s charitable and community-led ConTribute programme, which won a gold seal award in the 2014 Mit gutem Gewissen survey by Focus and Focus Money.

 to view a video showcasing Condor’s award

Delivering sustainability

## Leadership and relentless performance management *continued*

### Engagement survey – Every Voice

In 2013 Thomas Cook launched its first Group-wide engagement survey. Following the positive response rate of 73% and an engagement score of 67%, results were cascaded and action plans created both locally and for the first time at Group level. As a result The Million Hearts Programme was created. Engagement action plans are tracked and reviewed monthly in a meeting chaired by the CEO and Every Voice sponsors who deliver the programme.

In September 2014, Thomas Cook conducted its second Group-wide engagement survey, across 39 countries and in 16 languages. 75% of employees responded, a 2% increase on the previous year. Of those who participated 27% chose to share comments and feedback, all of which are read by the CEO. The engagement score increased by 4%, an improvement regarded as significant by the provider TNS, particularly for an organisation experiencing a transformation. In all categories and indices of the core index, which measures organisational performance and the ability to generate sustainable, profitable growth and value for customers, there has been positive improvement since last year, with the most notable being in the categories of Learning and Development, Innovation and Alignment to our Strategy.

Many more employees are clear about the Transformation of Thomas Cook, understand their part in it and believe it will deliver success. As a result of this our values are better understood and our culture is changing at pace: sustainability is of critical importance within this and an enabler of that change.

Throughout the organisation, our values are more understood and our people feel more able to speak up. Our leadership scores have improved significantly, with an increase of 4% of managers who are judged as strong by our teams and a decrease of 5% in those who are seen as needing development.

The results will be cascaded throughout the organisation and plans are already in place to address the feedback. There will be a range of activities to embed important actions from last year, evolve work that we have started and invest in new projects which will continue to make a difference to our people.



#### A Million Hearts – connecting employees with our customers

The Million Hearts Programme was created in response to the key themes that emerged from the Group employee engagement survey. The programme has four key components (customer, leadership, innovation and digital culture) and introduces CEO Awards for outstanding customer service that are awarded on a bi-annual basis. Sharing success stories across the Group ensures the right behaviours support our values and are embedded and replicated. All the work streams have delivered against the success criteria set and are of strategic significance. Here are just two examples.

The **Great Leadership programme** aims to develop leadership capacity so leaders can actively engage and develop employees effectively. The programme was designed and delivered by trained internal coaching champions, and a provider specialising in coaching. Since March 2014 over 500 leaders have participated.

In these one-day sessions leaders learn how to engage in powerful development discussions and gain the skills to unlock the potential of our people in line with our commitment that every employee will have a credible development discussion by the end of 2014.

The **Digitising Our Culture** programme is critical in engaging our employees to bring about our high tech revolution. Improvements have been made through a number of activities that ensure that employees have the opportunity to think digital, for example employees can now book their holidays online. Launch weeks have been held for “Let’s Go Digital” in every segment to raise awareness and we are also looking to raise this awareness through the Thomas Cook Digital Academy. In addition, a reverse mentoring programme has been created that allows internal digital experts to guide other employees to embrace this new culture.



Segment programmes and education activities have been delivered from the bottom up to the CEO level and her direct reports, including the help of an external company that specialises in digitising cultures and organisations.

Delivering sustainability

## Leadership and relentless performance management *continued*



### Developing Talent



We launched our first Executive Development Programme in 2013 and with its successful evaluation we will launch the second for our next 50 leaders in January 2015. Evaluation of the 2013 programme evidenced behavioural change and improved leadership performance from the majority of participants through increased self-awareness, motivation and engagement with their own leadership styles. It also led to many role changes and a number of promotions and just as importantly, the participants valued the opportunity to gain insight on their leadership style and found the process professional and helpful.

To further support our succession planning, the Navigator Programme was designed for our Emerging Talent population and we successfully piloted this during 2013 in the Group Airlines segment. In pursuit of our sustainable Transformation, we will launch a second Group-wide programme this year so that highly talented employees can access the leadership pipeline and become prepared for future leadership roles.

### Performance management

Aligning our objectives and goals to our strategy and transformation is key. All employees must understand what is expected of them and how success will be measured both in terms of what they deliver and the behaviours they demonstrate. All employees have objectives set at the beginning of the financial year and these are formally reviewed twice a year and informally during monthly one-to-one sessions. During 2014 we implemented a high tech, high touch system, MyPAD (Performance, Aspirations and Development) to capture employees' objectives and development plans with an aim to give individuals more ownership and accountability for their careers and development. We have implemented MyPAD successfully across the Group, providing the appropriate training and tools for our leaders to deliver effective review meetings. This is another example of digitising and professionalising our culture. The system will allow us to track performance against objectives, to rate potential across the Group and to allow the development of robust succession plans.

### Talent and succession development

Led by our CEO, there is renewed focus in our Transformation on development and succession. Developing and maintaining strong leadership and succession will be significantly enhanced with our online performance and talent system. The next phase of our Talent Strategy will be to systematically review our functional and segment talent and ensure robust succession plans are in place. There are plans in place for this from early 2015 following the first online year-end review process.

### Reward and recognition

Throughout the year our peer-to-peer recognition scheme "From The Heart" has been rolling out to the Group and is now accessible to colleagues in over 14 countries and throughout resorts. So far over 35,000 awards have been made recognising those who demonstrate our core values, have achieved something extraordinary and have made a difference. The online platform has evolved during the year and colleagues can use mobile and video technology to make awards in a high tech, high touch and personal manner. From The Heart has also been used as a form of recognition in our Transformation, for example in Finance, where innovation has been commended and colleagues have received points, and messages of thanks and congratulations. Colleagues who receive awards can redeem their points against a range of merchandise, vouchers, charity giving or for Thomas Cook vouchers. The scheme really makes a difference to the lives of our employees by recognising and celebrating their achievements.

## Delivering sustainability

# Leadership and relentless performance management *continued*

## Diversity and inclusion

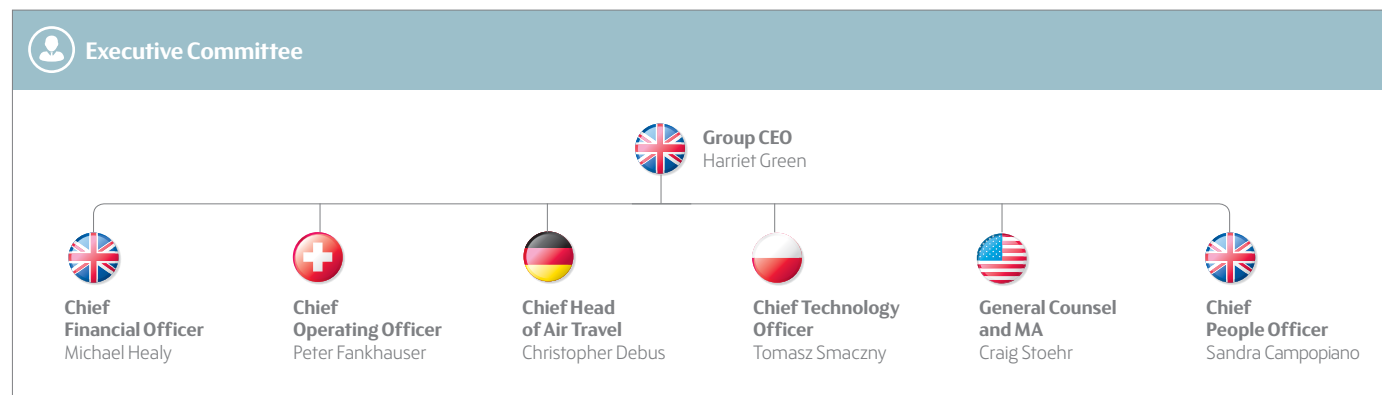
We believe diversity is an essential part of how we do business and will enable us to meet the needs of our equally diverse customer base. We operate in 41 countries, employing people and working with customers and suppliers from a broad range of backgrounds and cultures.

We have completed our task of building a world class Board with the appointment during the year of Carl Symon, Warren Tucker and Annet Aris. These appointments further strengthened the diversity of our Board across a range of measures including skills, experience, gender and nationality. Our Board is at the forefront of gender diversity with an almost equal balance of four women and five men, who together represent five different nationalities. To ensure we put that diversity to best use, we also reconstituted the membership of the Board's Committees.

We continue to make a number of senior appointments to strengthen diversity across a range of measures including skills, experience, gender and nationality. We do not tolerate any form of discrimination and aim to reflect the diversity of the communities in which we operate. We are committed to treating people fairly and ensuring that our employment practices are free from any unlawful discrimination against any employee on the grounds of sex, gender reassignment, sexual orientation, pregnancy, race, colour, nationality, ethnic or national origin, religion or belief, age and disability.

The table below shows the split at different levels within the organisation as at 30 September 2014.

|                                           | Male  | Female | Total  | % Male | % Female |
|-------------------------------------------|-------|--------|--------|--------|----------|
| Plc Board                                 | 5     | 4      | 9      | 56     | 44       |
| Executive Committee                       | 5     | 2      | 7      | 71     | 29       |
| Senior Management (TCLC and Subsidiaries) | 275   | 75     | 350    | 79     | 21       |
| TCLC                                      | 134   | 47     | 181    | 74     | 26       |
| Subsidiaries                              | 141   | 28     | 169    | 83     | 17       |
| Whole company                             | 8,028 | 18,507 | 26,535 | 30     | 70       |



The above reflects the position as of the date of this report (25 November 2014). On 26 November 2014, Harriet Green stepped down from the business and was replaced as CEO by Peter Fankhauser.

Our leaders have a new focus on diversity in its broadest sense, beginning with our attraction and selection processes. We are training all our managers to help them understand best practice guidelines for recruitment and the selection of diverse talent, and to avoid unconscious bias.

We are also launching a Group-wide Diversity and Inclusion policy and through this and other forums, educating all our leaders on the importance of diversity and inclusion to business growth and sustainability. As part of this work we will look to extend our already very successful Apprenticeship Scheme, whose value has been recognised for over 20 years in the UK and over 35 years in Germany. In the UK we recruit up to 250 apprentices annually for a two-year programme, which results in intermediate and advanced qualifications in Travel Services and on completion, the apprentices are offered a Sales Consultant position. In addition to this scheme we will also launch a work placement programme in 2015.

To help encourage parents to return to work after the birth of a child Thomas Cook Germany set up a private partnership with the town of Oberursel to set up a Kindergarten located next to the office enabling a better work and family life balance.



*We operate in 41 countries, employing people and working with customers and suppliers from a broad range of backgrounds and cultures.*



## Delivering sustainability

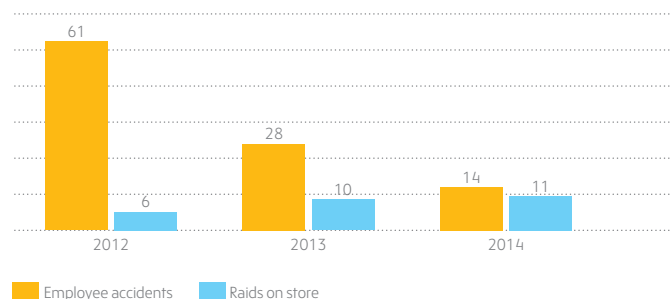
# Leadership and relentless performance management *continued*

## Employee health and safety

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.

Each business provides relevant safety training to its people and works closely with local governing bodies to coordinate activities, where appropriate. We raise awareness and train our people in general safety issues and provide in-depth vocational training for those in specific roles. We regularly review the risks at all our workplaces and in all aspects of our operations, providing safe working procedures and appropriate safety equipment alongside relevant training. We record details of any accidents or incidents experienced by our employees.

### Employee health and safety – reportable incidents



In addition to fulfilling legal obligations, Thomas Cook offers all employees a variety of counselling and support services delivered by a specialist external provider. All employees have access to clinical advice and support should they suffer work-related trauma – this extends to site visits by trained trauma consultants, which can be initiated by employee or manager referral.

Our Board of Directors has ultimate responsibility for health and safety, supported by the Health, Safety and Environmental Committee. All levels of leadership, from the Group Chief Executive and direct reports, and with the support of Local Human Resources teams are responsible for managing activities to ensure the safety of our people. There is active review of the segment-level health and safety committees and the consultative forums that monitor results, implement corrective actions and recommend measures for improvement.



*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.*



Delivering sustainability

# High tech, high touch: a digital business

## The Thomas Cook Business System

Profitable growth  
through trusted,  
personalised products

High Tech, High  
Touch: a digital  
business



Top-to-bottom  
leadership and  
relentless performance  
management

Efficient structures,  
systems and  
processes through  
lean & innovation

## Introduction

The very essence of the strategy for our ongoing Transformation is that we are present for our customers wherever, whenever and however they want to connect with us. By becoming more high tech and high touch, we are harnessing the power of technology to improve the customer experience, making it easier for them to select their destination, book, get information, ask questions and engage with us at every point in their journey.

# 53%

reduction in paper consumption  
through digitalising our business  
since 2010



Winners of the Best Travel Industry  
App Award for our TravelGuide app

# 1.4m

reduction of sheets of paper per  
year through an innovative app  
for pilots

## Delivering sustainability

# High tech, high touch: a digital business *continued*

## Using technology to drive sustainability

A high tech, high touch approach allows us to run our business more efficiently throughout the customers' interaction with us. For example, we can use technology to provide information to our customers in more effective and innovative ways than allowed by the traditional holiday brochure by using MyAccount, the personalised, web-based functionality that supports our omni-channel strategy. MyAccount has helped over 10,000 customers access and share personalised content such as Wish Lists, potential holiday options and self-service tools to take advantage of tailor-made offers and promotions. By developing our digital approach we reduce reliance on paper-based brochures.

In resort this year, two of our concept hotels have piloted innovative gas heat pumps, which produce cool air for air conditioning and residual heat for heating swimming pools. We are one of the first companies in Europe to use this technology in hotels and are benefitting with a 25% average saving in energy consumption. Meanwhile in-flight, electronic flight bags, rather than the paper manual equivalent, have helped us to reduce aircraft weight and so reduce fuel consumption.

The investment in a web-based tool has allowed us to modernise our sustainability data collection processes, improving accuracy and allowing more frequent collection. The chief advantage of this modernisation is that it creates better data quality and speeds up the cycle in which improvements can be made and enjoyed. For example, the Group's UK head office monitored its energy consumption and was prompted to conduct a site audit that in turn identified 81 quick, energy-saving wins that will deliver first-stage annual savings of £19,000.

## Managing paper use

|                         | 2012   | 2013   | 2014  |
|-------------------------|--------|--------|-------|
| Brochure paper (tonnes) | 11,960 | 11,788 | 9,692 |
| Kg per customer         | 0.52   | 0.54   | 0.43  |

Brochure paper usage continues to decrease as our high tech, high touch strategy is implemented.

We use paper predominantly for the production of holiday brochures. Although we have committed to use paper from sustainable sources, 62% of brochure paper came from sustainable sources in 2014, as we continue to find ways to reduce the amount of paper used overall. Across the Group brochures have been streamlined to produce 53% less than in 2010. In the UK the business has reduced the volume of brochures sent internally, which in turn reduced the paper required by seven tonnes, encouraging employees to access online versions through the dedicated Brochure Store. In Belgium brochures have been reduced in size by a quarter. In Poland we have limited the number of brochures and reduced production by 3.5% compared to the previous year, and introduced "E-dok" to reduce the number of printed travel documents for customers.

## e-Everything



The UK business is delivering our digital strategy through the "e-Everything" programme. This programme is helping to reduce the need for paper for both our customers and our employees. Some key achievements include: introduction of ticketless travel for Thomas Cook charter holidays, reducing paper usage in stores by 30% due to centralisation of paper supply and management, "paperless quotes" emailed to customers, system enhancements to reduce the size of the booking form, working with third-party tour operators to send their documentation electronically. However there is still more to do to change from being a "less paper" organisation to a "paperless" organisation.

Delivering sustainability

## High tech, high touch: a digital business *continued*

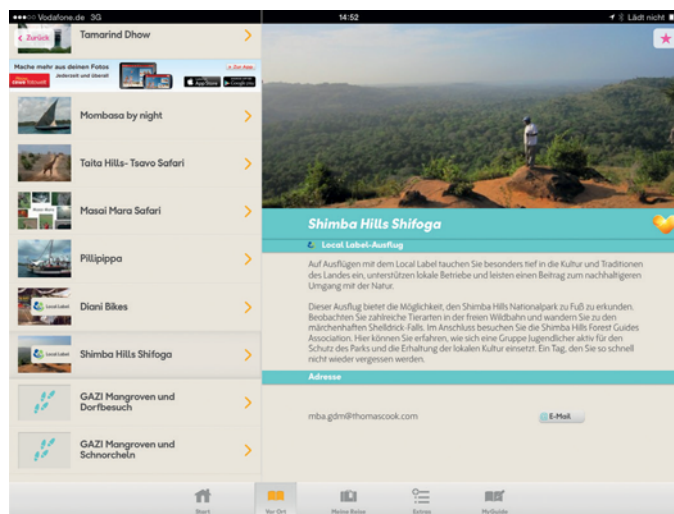
### Digitising our communications

Concept hotels are a strategically important part of the Thomas Cook product portfolio and within this Sunwing, Sunprime and SunConnect have a long-standing commitment to sustainability, with all of our Sunwing properties having achieved the EU Eco-Label and Travelife Gold awards.

With innovation at their core our concept hotels continue to pioneer new ideas. In May 2014 a hot spot area was introduced in each hotel reception, replacing paper-based information with a new, responsive website. At the touch of a button hotel guests now have access to extensive and current resort information, thus helping to save paper and replace the former two tonnes of paper used for this purpose.

Thomas Cook Germany launched a Travelguide app in 2012. The app is designed to enhance communications with our customers throughout their journey, so customers can access their travel documents and details as well as a variety of information about 130 destinations, including sightseeing opportunities and available excursions incorporating the Local Label sustainable excursion programme. The app also provides tips and advice to customers on how to be more sustainable when on holiday and informs them what we are doing as a business to enable this process. This has proved very popular with more than 230,000 downloads and winning the Best Travel Industry App award in 2013.

Thomas Cook Northern Europe Airlines launched an innovative new app in 2014 for pilots that collects relevant flight data such as weather, flight plans and aircraft manuals, and is available prior to each flight. This has reduced the amount of paper required by more than 1.4 million pieces per year.



Delivering sustainability

# Efficient structures, systems and processes through lean and innovation

## The Thomas Cook Business System

Profitable growth through trusted, personalised products

High Tech, High Touch: a digital business



Top-to-bottom leadership and relentless performance management

Efficient structures, systems and processes through lean & innovation

## Introduction

We are focused on becoming a leaner business and doing more with less to reduce our reliance on valuable natural resources and increase cost efficiencies. This means reducing fossil fuel consumption from our airlines, energy consumption at our corporate and retail sites to reduce our carbon footprint, managing waste and reducing waste to landfill thus enabling the reuse of valuable resources, and managing water consumption across our hotel chains to reduce their impact on the local water supply.

£100m

invested in airline fleet renewal and cabin refurbishment

5.6%

improvement in airline fuel efficiency per passenger kilometre since 2009



Achieved our highest disclosure score in the Carbon Disclosure Project climate change programme

55%

reduction in energy across our office and retail estate since 2010

38%

electricity from renewable sources

Delivering sustainability

## Efficient structures, systems and processes through lean and innovation *continued*

### Combating climate change

|                        | 2012             | 2013             | 2014             |
|------------------------|------------------|------------------|------------------|
| Airline Fuel           | 4,323,158        | 4,114,081        | 3,927,999        |
| Gas                    | 5,649            | 6,927            | 5,297            |
| Petrol                 | 394              | 348              | 320              |
| Diesel                 | 2,710            | 2,183            | 2,127            |
| Other fuels            | 1,296            | 1,381            | 1,214            |
| <b>Total Scope 1</b>   | <b>4,333,207</b> | <b>4,124,919</b> | <b>3,936,957</b> |
| Electricity            | 39,365           | 38,038           | 32,256           |
| District Heating       | 523              | 620              | 283              |
| <b>Total Scope 2</b>   | <b>39,888</b>    | <b>38,658</b>    | <b>32,539</b>    |
| <b>Total emissions</b> | <b>4,373,095</b> | <b>4,163,577</b> | <b>3,969,496</b> |

All figures expressed in tonnes of CO<sub>2</sub> equivalent.

Climate change remains a global challenge and we recognise the part we play in addressing this challenge. According to UNWTO, travel and tourism is responsible for around 5% of global CO<sub>2</sub> emissions, with air travel contributing 40% towards this.

Carbon emissions represent our most significant environmental impact. We operate a fleet of 88 aircraft and are proud that our airlines are among the most efficient in Europe – our emissions per passenger kilometre are 71.5g and we're pushing to improve this even further. In 2013 we transformed the way our airlines work together and brought them into a single Group Airlines segment with greater opportunities for sharing resources and best practice. We have also invested in a new fleet and over the next two years will have 25 new A321 aircraft with the latest engine technology and improved aerodynamics.

 to the "Innovations in the aircraft fleet" case study on page 30

Industry collaboration is needed to make a tangible difference and as a founding member of Sustainable Aviation in the UK and of the Aviation Initiative for Renewable Energy in Germany, we play a key role. We encourage other airlines to report their emissions transparently, as there is currently no industry best practice in this area, and to improve efficiencies, share best practice and drive change across the aviation sector.

In order to boost transparency in carbon reporting we participate in the CDP climate change programme. 2014 saw our sixth annual submission where we received our highest scores, with a disclosure score of 84 and performance score B.



Awarded for Flight Efficiency



Thomas Cook Airlines in the UK and EUROCONTROL were honoured in March 2014 with a Jane's Award in the Environment Category. The Flight Efficiency Initiative helps hard-pressed airspace users find the best route possible on the day of operation. Using the "opportunity tool" to choose their optimal route, users can make significant savings in fuel and time and this naturally benefits the environment. Thomas Cook Airlines UK partnered with EUROCONTROL in the initial development and implementation of the initiative, while the airline also validated the system so that it delivered distinct operational and financial benefits. Chris Woodland, Air Traffic Services Manager, Thomas Cook Airlines said "The tool makes for real savings and the Jane's Award is fantastic recognition of the work that has been done."

Delivering sustainability

## Efficient structures, systems and processes through lean and innovation *continued*



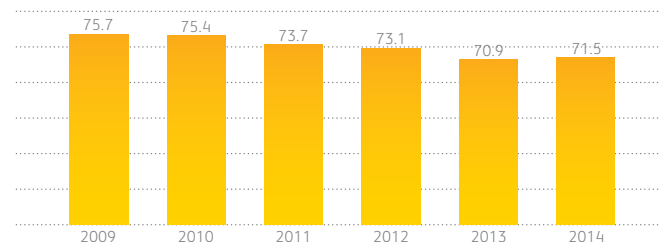
### Innovations in the aircraft fleet



The next three years will see 25 new A321 aircraft join the fleet, reflecting our significant investment. The aircrafts technical specifications bring significant operational advantages along with increased customer satisfaction, and these planes are more technically reliable and almost 9% more efficient than older aircraft of similar type and capacity. This is because they are lighter, have the latest engine technology and have sharklets installed on their wing tips to improve aerodynamics and noise emissions. The new fleet has lightweight seats, with an average saving of more than 300kg per aircraft, which are of high-quality, provide ergonomic comfort and are innovatively designed.

### Improving airline fuel efficiency

Airline emissions per passenger kilometre (CO<sub>2</sub>)



Emissions per passenger kilometre have increased in 2014. This is due to a range of different variables including a reduced seat load factor and an increase in the fleet size, which will improve in the future once the full roll out of the new fleet takes place.

The majority of our greenhouse gas emissions come from our airlines, so improving fuel efficiency is a key priority. While we are proud to operate one of the most efficient airlines we continue to strive for improvements.

As well as investing in a new fleet we are making other operational improvements, for example our Belgium airline introduced green standard operating procedures for leaner flight operations and has implemented a fuel management tool. Our UK airline is promoting Sustainable Aviation's Continual Descent Approach to ensure that fuel-efficient optimised landing is used wherever possible.

Investment in reducing weight onboard to achieve fuel savings has continued. 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. By 2016 over 90% of our fleet will be of a much higher standard and in line with increasing customer expectations.

Aircraft also have an impact on their local environments in terms of noise levels. As part of the fleet renewal programme our new Airbus A321 will have Vortex Generators installed as standard. This is a technical improvement in the wings that reduces noise by 6 to 8dB at certain phases of the aircraft approach. Our German airline Condor is planning to upgrade all existing Airbus A320s with the Vortex Generators by March 2015, and Condor has also been the lead partner in testing a new approach route to Frankfurt Airport which has the potential to reduce noise by 6dB and to save on fuel use. Condor will be part of the collaborative group encouraging the wider take-up of this initiative with other airlines at Frankfurt Airport.

From winter 2014 we are proud to show a new in-flight video which highlights our sustainability programme.



to the Group Airlines sustainability in-flight film

## Delivering sustainability

# Efficient structures, systems and processes through lean and innovation *continued*

## Improving our fuel efficiency

- > To achieve our ambitious target for continued improvements in efficiency within our Group Airlines requires collaboration between manufacturers, airports, air navigation and airlines to deliver:
- > Investing in improving our fleet and the technologies on board, for example lightweight trolleys, and installing equipment which reduces noise.
- > Improving operational efficiencies, for example by introducing green standard operating procedures for leaner flight operations and promoting continual descent approaches to ensure fuel efficient optimised landings are used wherever possible.
- > Building and utilising an efficient infrastructure, for example supporting projects to source the optimal flight routes.



## Delivering sustainability

# Efficient structures, systems and processes through lean and innovation *continued*

## Enhancing energy efficiency and security

| Total electricity for offices and retail | 2012   | 2013   | 2014   |
|------------------------------------------|--------|--------|--------|
| Electricity (kWh)                        | 70.56m | 60.13m | 38.96m |
| kWh per m² floor space                   | 234    | 195    | 146    |

There has been a significant reduction in 2014 due to a combination of energy efficiency projects and the sale and closure of office and retail stores.

We operate more than 3,000 retail stores and 27 office locations. During 2014, to become more energy efficient and reduce greenhouse gas emissions and costs, electricity use across the offices and retail network reduced by 55%, compared with our 2010 baseline. This is due to a combination of streamlining locations, increasing the focus on energy efficiency and installing new technologies such as LED lighting.

 to "Lighting the way" case study on page 33

For us, energy security is about providing a better working environment and 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 will generate 20% of its own power after receiving approval from the authorities to install the largest solar system in Copenhagen Airport on the engineering hangar roof. This installation commenced in December 2014.

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.

 to the "Communicating sustainably" case study on page 20

## Managing water



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.

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. We partnered with a water expert to assess 12 of our differentiated concept hotels to identify how much water they consume and what is needed to help the hotels understand how to better manage their water consumption. The ultimate goal is to develop a water management handbook that all of our hotels can use so that they manage and significantly reduce their water use. To enable both customers and employees to understand the impact of this programme, a video was played in 130 retail stores across Germany.

This innovative project was awarded the Ecotrophea in the International DRV Awards for Environmental Protection and Social Responsibility in Tourism. Highlighting innovations in sustainable tourism since 1987, the DRV awards one initiative or project each year. 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 trainings.

## Delivering sustainability

# Efficient structures, systems and processes through lean and innovation *continued*

## Driving resource efficiencies

| Waste from office and retail          | 2012  | 2013  | 2014  |
|---------------------------------------|-------|-------|-------|
| Total waste produced (tonnes)         | 7,089 | 6,670 | 7,138 |
| Total waste produced per FTE (kg)     | 202   | 301   | 302   |
| Waste recycled (tonnes)               | 5,009 | 3,746 | 3,874 |
| Waste to landfill (tonnes)            | 1,879 | 2,673 | 3,024 |
| Waste incinerated for energy (tonnes) | 202   | 250   | 240   |

Although waste production has increased in the last financial year this is due to increased accuracy in measuring and reporting waste data. Over half the waste generated is recycled.

| Water consumption in hotels         | 2013 | 2014 |
|-------------------------------------|------|------|
| Water (litres)                      | 925m | 871m |
| Water used per guest night (litres) | 216  | 212  |

This data shows water consumption for the Thomas Cook owned and controlled hotels.

We believe that by operating our business efficiently and measuring and managing our environmental impacts, we can implement change that benefits the environment and reduces our costs. In order to manage this effectively we have adopted local environmental management systems at key office locations. These include ISO14001 at our UK and Northern European Group Airlines, Okoprofit in Germany, World Wildlife Fund (WWF) Green Office Label in Finland and Investors in the Environment in the UK. The Northern European Airlines ISO14001 registration is being expanded to incorporate the new duty free warehouse in Sweden to ensure that this facility is also managed efficiently.

Our approach to waste focuses on reduction, reuse and recycling. 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 airlines have been leaders in tackling this issue, despite the operational and legislative challenges it brings. A recycling initiative introduced in 2013 at Oslo airport by Thomas Cook Airlines Scandinavia has demonstrated the ability to engage customers, reduce environmental cost and raise funds for local communities. The airline was the first in the world to separate collection of plastic bottles and aluminium cans from flights for recycling and now these are being sold to recycling centres. £4,000 was raised in 2014 and donated to Save the Children Norway (Redd Barna).

Water is a vital part of our business, but water scarcity is now a reality in many parts of the world. Our accommodation suppliers use significant quantities of water and it is our responsibility to help them to reduce the water they consume as well as educate our customers to avoid wasting water.



### Lighting the way



The UK retail business is transforming to deliver the high tech, high touch approach to the high street. It is pioneering new concept stores in which customers can browse holiday options independently using in-store tablets, with our agents on hand to provide advice and bring their holiday dreams to life. Our programme of investing in our retail network has led us to replace older lighting systems with new LED lighting technology, saving more than 1.5 million kWh electricity, reducing our carbon footprint by 800 tonnes, saving £170,000 and improving the stores' look and feel.

# Management approach



*We have become a data driven organisation where data is really “digital” and easily accessible across the business, streamlining our processes, enabling the business to be more efficient and innovative.*



What  
Transformation  
means to...

# Ha

Web Analyst

## Management approach

# Managing sustainable development

## What are we doing?



We see sustainability as the responsibility for every employee and an activity that requires strong leadership that starts with the Group Chief Executive and direct reports. The Board retains the responsibility for the long-term success of the Group and the Health, Safety and Environmental Committee has oversight of the consistent policy for managing health, safety and environmental risks to the Group's businesses.

Mindful of the value of strong governance, we established a Sustainability Steering Group (SSG) in 2014. The SSG meets on a quarterly basis and comprises senior leaders from across the business. It provides leadership, direction and oversight to the overall approach to sustainability and to the activities of the Sustainability Working Group (SWG) and close stakeholder group links. In 2014 they have been involved in setting the direction for the forthcoming long-term target review alongside the SWG, which comprises sustainability representatives from across our business.

Sustainability is managed through robust policies and procedures that monitor performance and seek continuous improvement, both within our own operations and across the value chain.

 to the Thomas Cook Group website to view our policies

## Risk management

Operating in a dynamic and rapidly evolving environment requires a flexible and responsive risk management process. Sustainability-related risks are governed through our risk management process.

Risks are evaluated using a risk register approach that 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 risk workshops, with operational and financial management. 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. The purpose of this group is to provide leadership, direction and oversight with regard to the Group's overall risk framework, appetite, tolerance and relevant risk policies, processes and controls. It meets on a bi-monthly basis, is attended

by senior executives from across the Group and external advisers and reports to the Audit Committee and Risks and Disclosures Committee.

The Group has a consistent approach to forecasting and financial reviews, and rigorous disciplines to minimise risk exposure and identify issues early. The Group's systems for risk mitigation and identification cover sustainability risks as well as other business risks.

Significant sustainability risks include:

- > Brand Reputation
- > Supply chain management
- > Climate change and GHG emissions
- > Energy cost and energy security
- > Recruitment and retention of talent
- > Sustainability of destinations and communities

 to the "Risk" section of the Annual Report on pages 48 to 51

### Sustainability risk Why it matters

|                                                    |                                                                                                                                                                                                                                         |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brand Reputation                                   | Brand damage by failing to implement our sustainability strategy.                                                                                                                                                                       |
| Supply chain management                            | Reputational risk if we do not ensure high-quality, sustainable products and services throughout our supply chain.                                                                                                                      |
| Climate change and GHG emissions                   | Cost to the business of regulatory requirements, ability to adapt to the effects of climate change as our products and services depend on the natural environment.                                                                      |
| Energy cost and security                           | Cost and continuity of energy and airline fuel supplies.                                                                                                                                                                                |
| Recruit and retain talent                          | Being able to recruit and retain the best people in the business, as our people are our strongest asset.                                                                                                                                |
| Sustainability of destination and home communities | High-quality destinations and products are an integral part of our customers' holiday experience. Thriving home communities are essential for developing our business, recruiting talent and maintaining and growing our customer base. |

### What we are doing

|                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| We continue to embed our sustainability strategy into the business and work to meet our 2020 targets. We will review our strategy and targets next year to ensure they align with our business Transformation.                                                                                                                                                                                                                                         |
| We continue to encourage our contracted hotels to subscribe to the Travelife Sustainability System and EU Eco-Label schemes.<br> to "Building a sustainable supply chain"                                                                                                                                                                                         |
| We continue to improve our aircraft fuel efficiencies and have invested in a new aircraft fleet in 2014.<br> to "Improving airline fuel efficiency"                                                                                                                                                                                                               |
| We continue to roll out energy efficiency strategies across the Group and move to renewable electricity contracts where available.<br> to "Enhancing energy efficiency"                                                                                                                                                                                           |
| Expanded the Executive Development Programme to continue to invest in our employees. Held our second annual employee engagement survey and increased our engagement score by 4%.<br> to "Developing talent"                                                                                                                                                       |
| In destinations, we work with governments, trade associations and other key destination partners to promote sustainable tourism. At home, we are developing employee volunteering and continuing to invest in community projects that generate shared socio-economic and environmental benefits.<br> to "Profitable growth through trusted personalised products" |

## Management approach

# Stakeholder engagement and key partnerships

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

We define stakeholders as any group with potential or actual influence on our business. For us to continually develop our business and to ensure we focus our efforts on the issues that are most important, we place strong emphasis on wider stakeholder engagement and communication. Through business activity and industry engagement, we have identified key stakeholders and we ensure continuous interaction with them through various means, including meetings, communications and questionnaires. This enables us to incorporate their feedback, focus on key issues and drive performance.

The key stakeholders and partners we work with are:

| Who                   | Why                                                                                                                   | Method of Engagement                                                                                                                                                                                                                                                                                           | Engagement Activities in 2014                                                                                                                                                                                                                                        |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customers             | To understand their needs and maintain our reputation for great customer service                                      | <ul style="list-style-type: none"> <li>&gt; Customer service questionnaires issued every time a customer travels</li> <li>&gt; Social media communications</li> <li>&gt; Customer-facing websites</li> </ul>                                                                                                   | <ul style="list-style-type: none"> <li>&gt; Thomas Cook Leadership Council (TCLC) held discussions with our customers to improve the customer experience.</li> <li>🔗 to "Adding value to the customer experience"</li> </ul>                                         |
| Employees             | To engage and motivate a talented and committed workforce                                                             | <ul style="list-style-type: none"> <li>&gt; Annual employee engagement survey</li> <li>&gt; Annual European Works Council</li> <li>&gt; HeartBeat (Intranet), team meetings and newsletters</li> <li>&gt; Union meetings as required</li> <li>&gt; Training and e-learning</li> </ul>                          | <ul style="list-style-type: none"> <li>&gt; Held the second Group-wide annual employee engagement survey, Every Voice. The engagement score increased by 4%, compared to the previous year.</li> <li>🔗 to "Engagement survey – Every Voice"</li> </ul>               |
| Investors             | To build trust in our business and sustainability performance                                                         | <ul style="list-style-type: none"> <li>&gt; An investor relations programme</li> <li>&gt; Trading updates</li> <li>&gt; Annual General Meeting</li> </ul>                                                                                                                                                      | <ul style="list-style-type: none"> <li>&gt; Annual Carbon Disclosure Project (CDP) submission</li> <li>🔗 to "Combating climate change"</li> </ul>                                                                                                                    |
| Suppliers             | To work in partnership and improve our products                                                                       | <ul style="list-style-type: none"> <li>&gt; In resort representatives regularly meet with accommodation suppliers</li> <li>&gt; Regular contract meetings</li> </ul>                                                                                                                                           | <ul style="list-style-type: none"> <li>&gt; Strategic partnership with TrustYou to work with our hotels to help improve quality</li> <li>🔗 to "Maintaining a quality experience"</li> </ul>                                                                          |
| Government/regulators | To keep up-to-date on the regulatory environment and offer industry expertise                                         | <ul style="list-style-type: none"> <li>&gt; Meetings with regulators at a segment level</li> <li>&gt; Meetings with ministries of tourism in destination governments</li> <li>&gt; Meeting with local councils where our offices are located</li> </ul>                                                        | <ul style="list-style-type: none"> <li>&gt; We have continued to participate in the activities related to reforming the Package Travel Directive and in reviewing the Air Tour Operator Licence.</li> </ul>                                                          |
| NGOs/charities        | To influence change outside our business and to help us develop and implement sustainability within the business      | <ul style="list-style-type: none"> <li>&gt; Participation with industry organisations such as Futouris, Help Alliance, The Code</li> <li>&gt; Charitable giving activities</li> </ul>                                                                                                                          | <ul style="list-style-type: none"> <li>&gt; Utilised ECPAT (End Child Prostitution, Pornography and Trafficking) e-learning modules to train our overseas employees.</li> <li>🔗 to "Child protection and human rights"</li> </ul>                                    |
| Academia              | To draw on knowledge of trends and challenges and to help us develop and implement sustainability within the business | <ul style="list-style-type: none"> <li>&gt; Participation in projects, conferences and research</li> </ul>                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>&gt; Conducted a Water Management pilot project in Rhodes</li> <li>🔗 to "Managing water"</li> </ul>                                                                                                                           |
| Industry associations | To collaborate with industry peers and partners and extend the impact of our work more widely                         | <ul style="list-style-type: none"> <li>&gt; Regular market-based industry association meetings e.g. ABTA, DRV, ABTO</li> <li>&gt; Regular market-based industry association sustainability committees e.g. DRV Nachhaltigkeitsausschuss and ABTA Sustainable Tourism Group and Animal Welfare Group</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Attend the ABTA Sustainable Tourism Group, which includes assessing how the industry can collaborate effectively on animal welfare and human rights issues.</li> <li>🔗 to "Child protection and human rights"</li> </ul> |

## Management approach

# Performance and targets

### Progress against our 2020 targets

We are delivering on our 2020 targets. Our business and the sustainability agenda moves at pace and we constantly review our strategy so that it remains appropriate for all stakeholders up to and beyond 2020. To this end, in 2015 we will share our updated approach and targets.

#### Key

- ✓ Achieved
- On track
- Behind schedule

### Protecting the Environment

| Target                                                                                      | Progress | Comments                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Group Airlines to make a 12% improvement in efficiency                                      | ●        | Since 2008 we have improved fuel efficiency by 5.6%. This has been achieved through a variety of measures.<br>🔗 to "Improving airline fuel efficiency"                                                                                                                                               |
| 100% of in-flight meal service packaging to be made from recyclable/biodegradable materials | ●        | Continued review of existing catering contracts to benchmark for improvement. The UK airline's new meal concept contains recycled plastic products.                                                                                                                                                  |
| Have zero in-flight waste to landfill at base airports                                      | ●        | Achieved for Northern Europe and recycling in-flight waste occurs at all UK base airports.                                                                                                                                                                                                           |
| Increase the number of destination airports that recycle at overseas stops                  | ●        | After completing an assessment of waste infrastructures at destination airports we set up a collaborative working group to pilot an approach in our Spanish airports.                                                                                                                                |
| Reduce energy consumption by 20%                                                            | ✓        | Since 2010 we have reduced energy consumption across our office and retail estate by 55% through a variety of initiatives.<br>🔗 to "Enhancing energy efficiency"                                                                                                                                     |
| 20% of electricity to come from renewable sources                                           | ✓        | 38% of electricity came from renewable sources in 2014.                                                                                                                                                                                                                                              |
| Zero head office waste to landfill                                                          | ●        | Achieved in Northern Europe and Thomas Cook Airlines Scandinavia. Recycling programmes continue to be strengthened in other offices.                                                                                                                                                                 |
| Each Thomas Cook source market to achieve an environmental certification at head offices    | ●        | ISO 14001 certification achieved at Thomas Cook UK Airlines and Thomas Cook Airlines Scandinavia.                                                                                                                                                                                                    |
| Reduce paper usage by 20%                                                                   | ✓        | The increasing digitalisation of the business has reduced the amount of brochures produced, resulting in a 53% reduction compared to the baseline year.<br>🔗 to "Managing paper use"                                                                                                                 |
| 100% paper purchased from recycled/certified sustainable sources                            | ●        | 62% of paper purchased came from recycled/sustainable sources in 2014.                                                                                                                                                                                                                               |
| Introduce an internal carbon charge for all business travel emissions                       | ●        | Achieved within Northern Europe for all duty air travel. Monies raised go into an environmental fund and are used to further develop environmental initiatives within the business. The funds have been used to extend the solar panels at Copenhagen Airport.<br>🔗 to "Enhancing energy efficiency" |

### Creating a sustainable marketplace

| Target                                                                                                                                                     | Progress | Comment                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Incorporate sustainability criteria into all procurement processes                                                                                         | ●        | Sustainability criteria have been incorporated into the online contract tendering system that is used by our UK, Western Europe and German businesses.                                                                                                                                                                                                             |
| Top 500 accommodation suppliers by passenger volume to manage and significantly reduce water use                                                           | ●        | Initiated a pilot project with Concept Hotels in Rhodes to understand water consumption and develop a handbook to educate other hotels in how to effectively manage and reduce consumption.<br>🔗 to "Managing water"                                                                                                                                               |
| To have sustainability messages in all appropriate customer-facing materials, such as brochures, newsletters, websites and resort guides across all brands | ✓        | Sustainability information is included on our websites as well as featured in e-tickets, social media, in-flight magazines and resort guides. Travelife logos are also featured in our brochures.                                                                                                                                                                  |
| To achieve an average score of very good/excellent on customer feedback questionnaires for our sustainability performance                                  | ●        | 91% of customers rated our sustainability performance as good or excellent in the UK this year. We will be looking to introduce a Group-wide question in 2015.                                                                                                                                                                                                     |
| To communicate sustainability messages to 1.5 million children travelling with us                                                                          | ●        | Sustainability is a feature of our children's club activities. For example our German clubs use an interactive book "Forschen & Entdecken" that features many environmental facts and experiments. Northern Europe developed a HAPPY PLANET booklet where children learn useful information on how they can help protect the environment and play recycling games. |
| At least 1,500 Group suppliers of accommodation to have Travelife Awards                                                                                   | ●        | 296 have awards so far. Work is continuing to encourage and support our Concept and large volume hotels to subscribe and work towards a Travelife award.<br>🔗 to "Building a sustainable supply chain"                                                                                                                                                             |
| All tour operator overseas agents in mainstream destinations to have a Travelife/similar certification                                                     | ●        | We are supporting our overseas agents to align their practices with requirements of Travelife and similar certifications, for example raising awareness of issues surrounding animal welfare in excursions.                                                                                                                                                        |

## Management approach

### Performance and targets *continued*

#### Key

- ✓ Achieved
- On track
- Behind schedule

#### Bringing out the best in our people

| Target                                                                                                                         | Progress | Comment                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 100% of employees in the Group to have undergone training in sustainability                                                    | ✓        | Our Code of Conduct was launched in 2012 and rolled out to employees with face-to-face training. All employees must confirm they have read, understood and abide by the Code. For new employees training is included in their induction.<br>● to "Values, ways of working and Code of Conduct" |
| To have an average score of excellent on employee engagement surveys for business performance and commitment to sustainability | ●        | Work has continued to develop a suitable question that can be replicated across the wider Thomas Cook Group.                                                                                                                                                                                   |
| Sustainability to be a measurable objective of segment Boards and above                                                        | ●        | In 2013 a Sustainability Steering Group was established to provide further governance in this area across all segments. This was a key objective for the Senior Executive Committee in 2013.<br>● to "Managing Sustainable Development"                                                        |
| To incorporate sustainability into the Company Values                                                                          | ✓        | Sustainability forms a cornerstone of our Code of Conduct.                                                                                                                                                                                                                                     |

#### Supporting global communities

| Target                                                                                       | Progress | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| All segments to implement a charitable strategy for home communities                         | ●        | Work continues to align the charitable strategy across the Group and our total community investment in 2014 was £1.9m.                                                                                                                                                                                                                                                                                                                                                                         |
| Develop and implement a Group Child Protection Policy                                        | ✓        | Our policy was published in 2011 and we continue to implement the requirements of The Code.<br>● to "Child protection and human rights"                                                                                                                                                                                                                                                                                                                                                        |
| Prioritise local sourcing for food and beverages at all Group owned/controlled hotels        | ●        | A 5-year pilot project in Fethiye, Turkey, has completed this year in collaboration with the Travel Foundation and other tour operators. This has been successful in demonstrating the potential of partnership working between local producers, wholesalers and hoteliers. For more information visit<br>● <a href="http://www.thetravelfoundation.org.uk/projects/destinations/turkey/farming_in_fethiye">www.thetravelfoundation.org.uk/projects/destinations/turkey/farming_in_fethiye</a> |
| Measure and improve the contribution our holidays bring to communities and the local economy | ●        | Increased the number of Local Label excursions by 80% since 2013.<br>● to "Local Labels"                                                                                                                                                                                                                                                                                                                                                                                                       |

## Management approach

## Supporting performance information

## Headcount by Working Arrangements and location

|  |  | Full-time       |        | Part-time      |        | Total     |        |
|--|--|-----------------|--------|----------------|--------|-----------|--------|
|  |  | Male            | Female | Male           | Female |           |        |
|  |  | 7,265           | 12,055 | 769            | 6,446  | 26,535    |        |
|  |  | UK&I            |        | Central Europe |        | East West |        |
|  |  | Male            | Female | Male           | Female | Male      | Female |
|  |  | 1,691           | 7,980  | 1,105          | 2,353  | 602       | 2,419  |
|  |  | Northern Europe |        | Group Airlines |        | Total     |        |
|  |  | Male            | Female | Male           | Female |           |        |
|  |  | 997             | 1,647  | 3,633          | 4,108  | 26,535    |        |

## Total number of new hires and turnover

|                       | Turnover<br>(% heads) | Turnover<br>(heads) | Turnover by gender |        | Turnover by age |       |     |
|-----------------------|-----------------------|---------------------|--------------------|--------|-----------------|-------|-----|
|                       |                       |                     | Male               | Female | <30             | 30–50 | >50 |
| Thomas Cook, Total    | 14%                   | 3,728               | 1,026              | 2,838  | 1,730           | 1,681 | 445 |
| UK&I, Total           | 19%                   | 1,877               | 387                | 1,512  | 1,010           | 693   | 174 |
| Central Europe, Total | 13%                   | 453                 | 144                | 309    | 93              | 264   | 96  |
| East West, Total      | 20%                   | 602                 | 131                | 471    | 162             | 343   | 96  |
| Northern Europe       | 15%                   | 391                 | 136                | 255    | 277             | 95    | 34  |
| Group Airlines, Total | 5%                    | 405                 | 228                | 291    | 188             | 286   | 45  |

## Return to work and retention rates

|                                                         | Paternity Leave | Maternity Leave |
|---------------------------------------------------------|-----------------|-----------------|
| Number of employees who took leave, FY13–14             | 125             | 1,194           |
| Number of employees returned from leave, FY13–14        | 106             | 732.9           |
| % employees entitled to maternity/paternity leave: 100% |                 |                 |

## Average training hours per year

|                         | Total  |
|-------------------------|--------|
| Training hours per FTE* | 175.77 |

\* Partially reported – this is only where data is currently available, we are developing our systems to improve data capture and will report fully next year.

## % of employees receiving performance reviews\*

|                                          | Total |
|------------------------------------------|-------|
| % employees received performance review* | 92%   |

\* Partially reported – in 2014 we started implementation of MyPAD – our online performance management tool. At the end of the mid year cycle, 4,600 people were in the system and 92% of these people had a performance review and recorded the details online. At the start of the year-end process we have nearly 13,000 people in the system with the remainder of the business planned to join in 2015. We will also be working on developing a gender split for these figures.

## GRI G4 Index

| General standard disclosures                      | Page                                                                                                                                                                                                                                                                             | Coverage      | External Assurance |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------|
| <b>Strategy and analysis</b>                      |                                                                                                                                                                                                                                                                                  |               |                    |
| G4-1                                              | CEO statement (page 7)                                                                                                                                                                                                                                                           | Full          | None               |
| <b>Organisational profile</b>                     |                                                                                                                                                                                                                                                                                  |               |                    |
| G4-3                                              | Our business today (page 6)                                                                                                                                                                                                                                                      | Full          | None               |
| G4-4                                              | Our business today (page 6)/Annual report (pages 4–7)                                                                                                                                                                                                                            | Full          | None               |
| G4-5                                              | Our business today (page 6)                                                                                                                                                                                                                                                      | Full          | None               |
| G4-6                                              | Our business today (page 6)                                                                                                                                                                                                                                                      | Full          | None               |
| G4-7                                              | Our business today (page 6)                                                                                                                                                                                                                                                      | Full          | None               |
| G4-8                                              | Our business today (page 6)/Annual report (pages 4–7)                                                                                                                                                                                                                            | Full          | None               |
| G4-9                                              | Annual report (pages 4–7)                                                                                                                                                                                                                                                        | Full          | None               |
| G4-10                                             | Page 19                                                                                                                                                                                                                                                                          | Partial       | None               |
| G4-11                                             | We are currently unable to report a percentage figure. However a large number of employees are covered by collective bargaining agreements such as Germany and elements of the UK business. Some countries are unable to provide information as it is non-compulsory to disclose | Not disclosed | None               |
| G4-12                                             | Page 14                                                                                                                                                                                                                                                                          | Partial       | None               |
| G4-13                                             | No significant changes                                                                                                                                                                                                                                                           | Full          | None               |
| G4-14                                             | Risk Management (page 35)                                                                                                                                                                                                                                                        | Full          | None               |
| G4-15                                             | Stakeholder engagement and key partnerships (page 36), Child Protection and human rights (page 18), CDP (page 29)                                                                                                                                                                | Full          | None               |
| G4-16                                             | Stakeholder engagement and key partnerships (page 36)                                                                                                                                                                                                                            | Full          | None               |
| <b>Identified material aspects and boundaries</b> |                                                                                                                                                                                                                                                                                  |               |                    |
| G4-17                                             | About our reporting (page 2)                                                                                                                                                                                                                                                     | Full          | None               |
| G4-18                                             | Our business today (page 6)                                                                                                                                                                                                                                                      | Full          | None               |
| G4-19                                             | Key issues and targets (page 9)                                                                                                                                                                                                                                                  | Full          | None               |
| G4-20                                             | Page 41                                                                                                                                                                                                                                                                          | Full          | None               |
| G4-21                                             | Page 41                                                                                                                                                                                                                                                                          | Full          | None               |
| G4-22                                             | No restatement of information                                                                                                                                                                                                                                                    | Full          | None               |
| G4-23                                             | No significant changes in scope and aspect boundaries                                                                                                                                                                                                                            | Full          | None               |
| <b>Stakeholder engagement</b>                     |                                                                                                                                                                                                                                                                                  |               |                    |
| G4-24                                             | Stakeholder engagement and key partnerships (page 36)                                                                                                                                                                                                                            | Full          | None               |
| G4-25                                             | Stakeholder engagement and key partnerships (page 36)                                                                                                                                                                                                                            | Full          | None               |
| G4-26                                             | Stakeholder engagement and key partnerships (page 36)                                                                                                                                                                                                                            | Full          | None               |
| G4-27                                             | Stakeholder engagement and key partnerships (page 36)                                                                                                                                                                                                                            | Full          | None               |
| <b>Report profile</b>                             |                                                                                                                                                                                                                                                                                  |               |                    |
| G4-28                                             | Our business today (page 6)                                                                                                                                                                                                                                                      | Full          | None               |
| G4-29                                             | Our business today (page 6)                                                                                                                                                                                                                                                      | Full          | None               |
| G4-30                                             | Our business today (page 6)                                                                                                                                                                                                                                                      | Full          | None               |
| G4-31                                             | www.thomascookgroup.com                                                                                                                                                                                                                                                          | Full          | None               |
| G4-32                                             | This report is self declared in accordance with G4 Guidelines at Core level – Our business today (page 6)                                                                                                                                                                        | Full          | None               |
| G4-33                                             | We do not obtain external assurance for our Sustainability Report                                                                                                                                                                                                                | NR            | None               |
| <b>Governance</b>                                 |                                                                                                                                                                                                                                                                                  |               |                    |
| G4-34                                             | Managing sustainable development (page 35)                                                                                                                                                                                                                                       | Full          | None               |
| <b>Ethics and integrity</b>                       |                                                                                                                                                                                                                                                                                  |               |                    |
| G4-56                                             | Values, ways of working and Code of Conduct (page 20)                                                                                                                                                                                                                            | Full          | None               |

## GRI G4 Index – General standard disclosures

| Material Aspects<br>(G4-19, G4-20, G4-21)  | Disclosures on Management<br>Approach (DMA) and Indicators | Material within<br>the organisation | Material external<br>to the organisation | Omissions and page                                                                                                                                                                                         | External Assurance |
|--------------------------------------------|------------------------------------------------------------|-------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>Energy</b>                              | G4-EN3 Energy consumption within the organisation          | ✓                                   |                                          | Enhancing energy efficiency (page 32)                                                                                                                                                                      | None               |
|                                            | G4-EN5 Energy intensity                                    | ✓                                   |                                          | Enhancing energy efficiency (page 32)                                                                                                                                                                      | None               |
|                                            | G4-EN6 Reduction of energy consumption                     | ✓                                   | ✓                                        | Enhancing energy efficiency (page 32)                                                                                                                                                                      | None               |
| <b>Water</b>                               | G4-EN8 Total Water withdrawal by source                    | ✓                                   | ✓                                        | Only report water usage for hotels, not all businesses.<br>All reported water is from municipal supplies or other water utilities.<br>Driving resource efficiencies (page 32),<br>Managing water (page 33) | None               |
| <b>Emissions</b>                           | G4-EN15 Direct Greenhouse Gas Emissions                    | ✓                                   | ✓                                        | Combating climate change (page 29)                                                                                                                                                                         | None               |
|                                            | G4-EN16 Energy Indirect Greenhouse Gas Emissions           | ✓                                   | ✓                                        | Combating climate change (page 29)                                                                                                                                                                         | None               |
|                                            | G4-EN18 Greenhouse Gas Emissions Intensity                 | ✓                                   | ✓                                        | Improving airline fuel efficiency (page 30)                                                                                                                                                                | None               |
|                                            | G4-EN19 Reduction of Greenhouse Gas Emissions              | ✓                                   | ✓                                        | Combating climate change (page 29)                                                                                                                                                                         | None               |
| <b>Employment</b>                          | G4-LA1 Total number new hires and turnover                 | ✓                                   |                                          | Supporting performance information (page 39)                                                                                                                                                               | None               |
|                                            | G4-LA3 Return to Work and retention rates                  | ✓                                   |                                          | Supporting performance information (page 39)                                                                                                                                                               | None               |
| <b>Occupational Health &amp; Safety</b>    | G4-LA6 Type of injury                                      | ✓                                   |                                          | We had no employee fatalities over the reporting period.<br>Employee health & safety (page 24)                                                                                                             | None               |
| <b>Training and Education</b>              | G4-LA9 Average hours of training per year                  | ✓                                   |                                          | Supporting performance information (page 39)                                                                                                                                                               | None               |
|                                            | G4-LA11 % Employees receiving performance reviews          | ✓                                   |                                          | Supporting performance information (page 39)                                                                                                                                                               | None               |
| <b>Diversity &amp; Equal Opportunities</b> | G4-LA12 Breakdown of governing bodies and employees        | ✓                                   |                                          | Diversity & inclusion (page 23)                                                                                                                                                                            | None               |



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