

Sustainability Means Business 🌱



**The industry has been blindsided
by rollercoaster fuel prices...**



... and economic downturn...



Issues like climate change...



**...and water shortage are just
around the corner.**



To be sustainable financially...

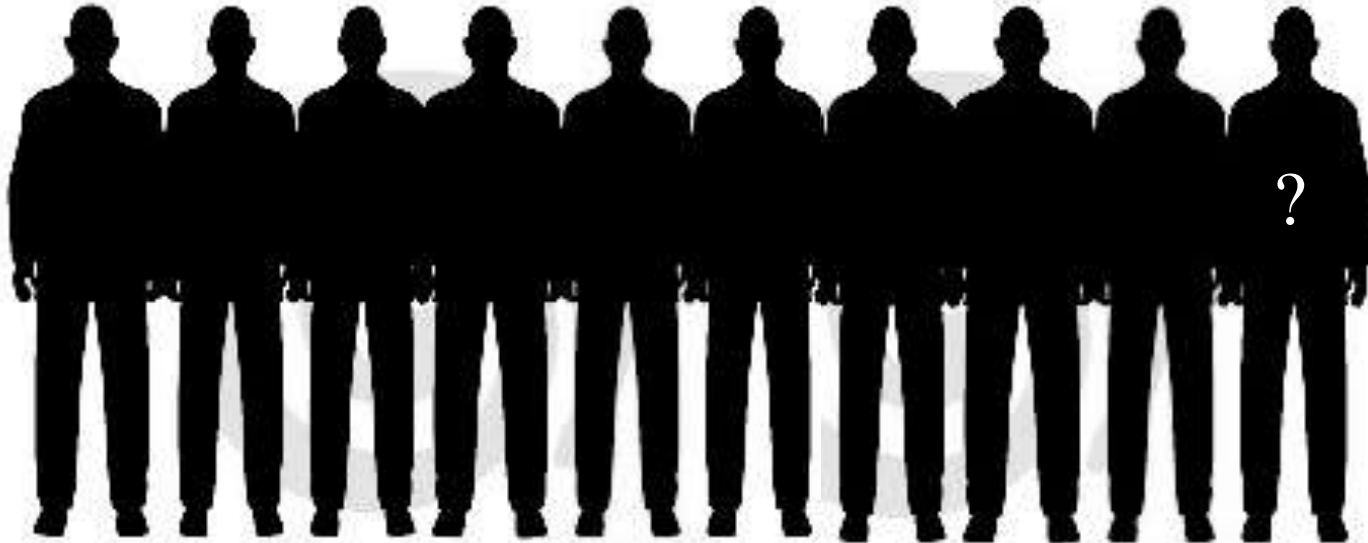
...and socially...



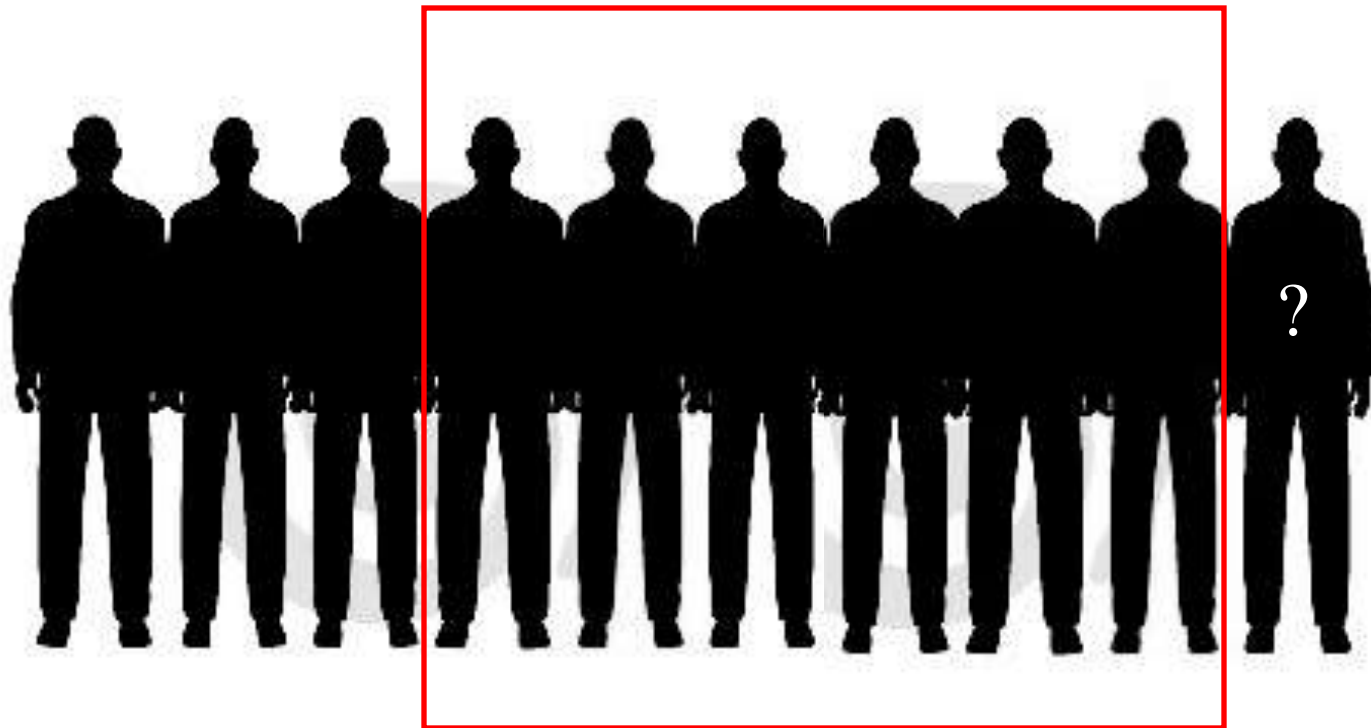


...the industry needs a new approach.*

*Stephanie Draper, Forum for the Future, 2008



**More than 9 out of 10 business leaders
acknowledge the potential that ‘green’
business offers for long-term profits...**



...but two thirds are doing nothing serious to exploit this opportunity.*

*Business leaders survey, Carbon Trust 2011

“There is a great risk
for companies that try
to cling to old
business models and
ways of doing things.”

Tom Delay, Chief Executive of the Carbon Trust, 2011



**Sustainable tourism simply ...
Protects and enhances product quality**



Enriches experiences for customers



Safeguards essential resources for business

The Drivers for Sustainable Tourism

Reducing costs
/ improving
efficiency

Risk management
/ regulatory
requirements

Engaging staff

Gaining
competitive
advantage

Emerging
consumer
trends

Protecting
essential
resources

Reducing costs and improving efficiency

Reducing water & energy usage
can save up to

A large, 3D-rendered number '25%' in a vibrant red color. The numbers have a slight shadow and a reflection on the surface below them, giving them a three-dimensional appearance.

on these costs

Scandic Hotels in Scandinavia saved

£9

million

on energy

£2.2M

on water and

£4 million

on waste over a ten year period

Scandic Hotels group, 2006



has developed a 'green'
concept store,
and proved
they can
save

50%

on retail energy costs and carbon



TUI Travel has saved

£8 million

through energy savings in the last

2 years

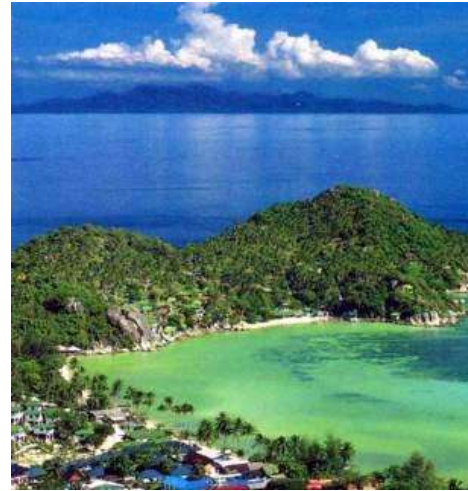
via TUI UK's Flagship Hotels,

TUI UK Retail,

Thomson Airways

& Thomson Cruises

Risk Management/ Regulatory Requirements



**Minimise
health &
safety
issues**

**Retain 'licence
to operate'
in popular
destinations**

**Maintain
shareholder
value**

Meet reporting and PLC requirements...

- EU Accounts Modernisation Directive



- New requirements for PLCs



- Various institutional requirements
e.g. Carbon Disclosure
Project, FTSE4Good



Meet legal & compliance requirements:

- EU ETS



- UK Carbon Reduction Commitment energy efficiency scheme



- Mandatory disclosure of greenhouse gases



**Engaging staff
– improving
performance**



CSR is a key driver in staff engagement - on average 50% higher in companies with a strong CSR culture

Kenexa, 2010



Improved employee engagement and satisfaction leads to increased productivity, creativity and retention.

Gaining competitive advantage



**Delivers a
higher quality
product**



**Offers greater
choice and
enrichment to
customers**

“Differentiated products have earlier booking curves, higher customer satisfaction and retention, superior margins and are difficult for competitors to replicate.”

Why Greener Travel Matters, TUI UK & Ireland, November 2010



MARKS & SPENCER



- **£50m in additional profits in 2010** – against expected cost of £200m over 5 years
- Innovative engagement of customers led to increased profitability

Emerging consumer trends



75%
of consumers want a more
responsible holiday.

66%
would like to identify a
greener holiday easily.

Virgin Holidays and TUI UK & Ireland 2011



Consumers value
sustainability –

85%

who stayed in a Travelife
awarded hotel rated it
more highly

Sustainable Development Report, TUI UK &
Ireland, 2009



Cultural, eco and community
tourism predicted to grow

20%

a year...

6 times

the industry-wide
rate of growth

UNEP Green Economy Report, 2011

Green product sales set to rise

112%

to

£17 billion

by 2015.

Consumers pay

44% more

for green
retail products

Kelkoo, 2010





The world's 'green' economy
is worth

£3,000 billion

annually

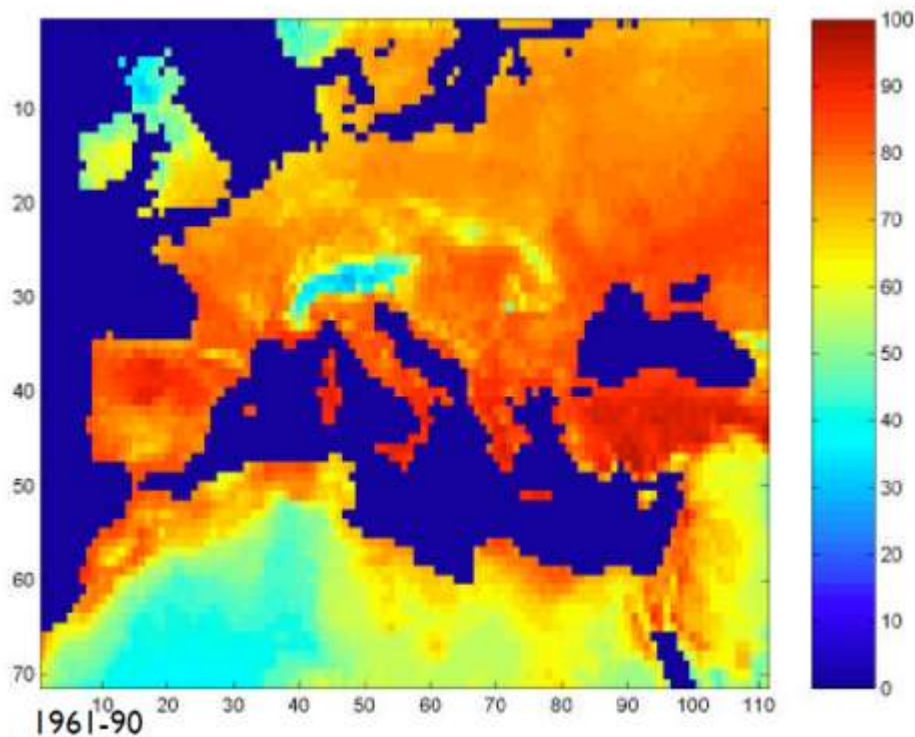
**Forecast
to grow 25% over
5 years -
outpacing overall growth**

The Carbon Trust, 2011

Protecting essential resources

**Temperature rises
this century
predicted between
1.4 and 5.8°C**

The med is predicted to be a climate change 'hotspot'...



Source: Climatic Research Unit, University of East Anglia

The **destinations we sell** now are facing **significant change**

A 3.5°C increase will result in 20-30 metre higher sea levels affecting the majority of destinations...



The Challenge for Travel:



Approaching
sustainability
as an 'add on'
is a risk...

Missed
opportunities
& potential for
lost credibility

The Challenge for Travel:



The drivers are growing ...

Take leadership to gain
competitive advantage



**Now
is the time
to act**

**Take simple steps towards a
sustainable business @
www.thetravelfoundation.org.uk**





Forget the moral attitudes,
philanthropic intentions
'holier than thou' principals -
the credit crunch will reveal
that sustainable tourism will
gain because...it's simply
more sustainable.



Travel Mole 13.10.08