

Remuneration of the Executive Board

I. APPROVAL OF THE REMUNERATION SCHEME BY SHAREHOLDERS

A new remuneration scheme was proposed for Executive Board members in financial year 2010 and approved by the shareholders of TUI AG at the Annual General Meeting on 17 February 2010. The scheme is designed to create incentives for sustained growth and robust financial performance in the TUI Group.

Although common practice at many of the companies applying the UK-CGC, the shareholders of TUI AG do not vote on the remuneration policy on an annual basis. This also reflects the practice at most German stock corporations and is in compliance with the German Stock Corporation Act.

II. GENERAL PRINCIPLES

Following a recommendation from the Presiding Committee, the Supervisory Board determines in accordance with section 87(1) sentence 1 German Stock Corporation Act the remuneration of the individual Executive Board members. It also regularly reviews the remuneration scheme for the Executive Board.

→ For further details of the Presiding Committee, please see the report of the Supervisory Board from page 12

The following principles, in particular, are taken into account in this regard:

- Clarity and transparency
- Economic position, performance and sustainable development of the company
- Tying shareholder interest to value increase and distribution of profits (e.g. total shareholder return indicator) with corresponding incentives for Executive Board members
- Ability to be competitive on the market for highly qualified Executive Board members
- Appropriateness and conformity with tasks, responsibilities and success of each individual Executive Board member, including in the relevant environment of comparable international firms, and taking into account standard practice at other major German companies
- Tying a material portion of total remuneration to the achievement of ambitious, long-term performance targets
- Appropriate correlation between the levels of fixed remuneration and performance-based remuneration
- Appropriateness in horizontal and vertical comparison (see page 126)

The remuneration scheme does not contain any malus or clawback terms. This position will continue to be monitored.

III. REMUNERATION OF THE EXECUTIVE BOARD IN FINANCIAL YEAR 2017

In financial year 2017, the remuneration for the members of the Executive Board comprises: (1) a fixed remuneration; (2) an annual performance-based remuneration (Jahreserfolgsvergütung – JEV); (3) virtual shares of TUI AG in accordance with the Long-Term Incentive Plan (LTIP);

(4) fringe benefits; (5) pension entitlements; and (6) a potential additional remuneration in cash or in virtual shares (additional remuneration).

Details are set out below:

1. FIXED REMUNERATION

Purpose and link to company strategy

Highly-qualified Executive Board members who are needed to develop and implement company strategy are to be attracted and retained.

The remuneration should be commensurate with the abilities, experience and tasks of the individual Executive Board member.

Procedure

In determining the fixed remuneration the Supervisory Board takes into account, in particular, the relevant general principles.

The fixed remuneration is paid in twelve equal instalments at the end of each month. If the service agreement begins or ends in the course of the financial year relevant for payment of the remuneration, the fixed annual remuneration will be paid pro rata for that year.

The remuneration is generally reviewed when service agreements of Executive Board members are extended, and can be adjusted or revised for the term of the new service agreement. A review of the remuneration can also take place during the term of a service agreement in particular if there is a change with respect to the tasks or responsibility of an Executive Board member.

2. ANNUAL PERFORMANCE-BASED REMUNERATION (JEV)

Purpose and link to company strategy

The JEV is intended to motivate Executive Board members to achieve ambitious and challenging financial, operational and strategic targets throughout the financial year. The targets are reflective of the company strategy and aimed at increasing corporate value.

Procedure

The JEV is calculated on the basis of a group performance indicator and the individual performance of the Executive Board member. The performance reference period is the financial year of TUI AG.

An individual target amount (Target Amount) is agreed for each Executive Board member in their service agreement. Since 1 October 2010 the performance target has been the reported earnings before interest, tax and amortisation of goodwill (Reported Group EBITA). The target value

for the one-year performance reference period for the reported group EBITA performance target is set each year by the Supervisory Board.

To measure performance, the target value will be compared with the corresponding actual value of the reported group EBITA as reported in the audited consolidated accounts of TUI AG to be prepared in accordance with the accounting rules in force at the time. The degree of target achievement is determined as follows:

- If the actual value of the reported group EBITA achieved is below the target value by 50 % or more, this is equivalent to a target achievement of 0 %
- If the value achieved corresponds to the target value, this is equivalent to a target achievement of 100 %
- If the value achieved exceeds the target value by 50 % or more, this is equivalent to a target achievement of 187.5 %

Between 50% below target value and target value, linear interpolation between 0 % and 100 % will be used to determine the degree of target achievement. Between target value and 50 % above target value, linear interpolation between 100 % and 187.5 % will be used to determine the degree of target achievement. The degree of target achievement will be rounded to two decimal places, as is customary in commercial practice.

At the discretion of the Supervisory Board, the degree of target achievement for the performance target can be multiplied by a factor of between 0.8 and 1.2, based on the Executive Board member's achievement of individual performance targets and other performance indicators such as customer satisfaction and/or employee satisfaction metrics.

The value resulting from the multiplication of the target amount by the degree of target achievement for the reported group EBITA and the discretionary multiplier will be paid out in cash in the month in which the Supervisory Board approves the annual accounts of TUI AG for the respective financial year. If the service agreement begins or ends in the course of the relevant financial year, the claims for payment of the JEV will generally be pro rata.

Cap

The JEV is capped annually and individually for each Executive Board member; for the figures, see the table on page 121.

In accordance with section 87(1) sentence 3 German Stock Corporation Act, the Supervisory Board is entitled to limit the amount of the JEV to allow for extraordinary circumstances (e.g. takeover of the company, sale of parts of the company, uncovering of hidden reserves, external influences).

3. VIRTUAL SHARES ACCORDING TO THE LONG-TERM INCENTIVE PLAN (LTIP)

3.1 CALCULATION METHOD

Purpose and link to company strategy

The long-term objective is to increase corporate and shareholder value by defining ambitious goals that are closely linked to the company's earnings, share price performance and dividends.

Procedure

The LTIP is a performance share plan based on virtual shares and is assessed over a period of four years (Performance Reference Period). Virtual shares are granted in annual tranches,

For Executive Board members, an individual target amount (Target Amount) is agreed in the service agreement. At the beginning of each financial year a provisional number of virtual shares, commensurate with the target amount, will be set. This will constitute the basis for the determination of the final performance-based payment for the tranche in question at the end of the respective performance reference period. To set this number, the target amount will be divided by the average Xetra price of TUI AG shares over the 20 trading days prior to the beginning of the performance reference period (1 October of each year). The claim to a payment only arises upon expiry of the performance reference period and depends on whether or not the respective performance target is achieved.

The performance target for determining the amount of the final payout at the end of the performance reference period is the development of the total shareholder return (TSR) of TUI AG relative to the development of the TSR of the Dow Jones Stoxx 600 Travel & Leisure (Index), whereby the ranking of the TUI AG TSR in relation to the index companies will be monitored over the entire performance reference period. The TSR is the aggregate of all share price increases plus the gross dividends paid over the performance reference period. Data from a reputable data provider (e.g. Bloomberg, Thomson Reuters) will be used for the purpose of establishing the TSR values for TUI AG and the index. The reference for the purpose of determining the rankings is the composition of the index on the last day of the performance reference period. The values for companies that were not listed over the entire performance reference period will be factored in on a pro rata basis. The level of target achievement is established as follows depending on the ranking of the TSR of TUI AG relative to the TSR values of the index companies over the performance reference period:

- a TSR value of TUI AG equivalent to the bottom and second to bottom value of the index corresponds to a target achievement of 0 %
- a TSR value of TUI AG equivalent to the third to bottom value of the index corresponds to a target achievement of 25 %
- a TSR value of TUI AG equivalent to the median of the index corresponds to a target achievement of 100 %

- a TSR value of TUI AG equivalent to the third to top, second to top or top value of the index corresponds to a target achievement of 175 %

For performance between the third to bottom and the third to top rank, linear interpolation will be used to determine the level of target achievement at between 25 % and 175 %. The degree of target achievement will be rounded to two decimal places, as is customary in commercial practice.

To determine the final number of virtual shares, the degree of target achievement will be multiplied by the provisional number of virtual shares on the final day of the performance reference period. The payout is determined by multiplying the final number of virtual shares by the average Xetra price of TUI AG shares over the 20 trading days prior to the end of the performance reference period (30 September of each year). The payout which is calculated in this way will be due in the month of the approval of the annual accounts of TUI AG for the fourth financial year of the performance reference period and is paid out in cash. If the service agreement begins or ends in the course of the financial year relevant for the grant of the LTIP, the claims for payment of the same will generally be pro rata.

Cap

The LTIP is capped annually and individually for each Executive Board member; for the figures, see the table on page 121.

3.2 DEVELOPMENT OF AGGREGATE VIRTUAL SHARES OF CURRENT EXECUTIVE BOARD MEMBERS IN FINANCIAL YEAR 2017

On 30 September 2017, former Executive Board members held no virtual shares in TUI AG (previous year: no virtual shares) that were granted after the merger of TUI AG and TUI Travel PLC (TUI Travel) in December 2014 (the Merger).

	Number
Granting in financial year 2017	
Friedrich Joussen	119,741
Horst Baier	54,612
David Burling	40,453
Sebastian Ebel	40,453
Dr Elke Eller	33,981
Frank Rosenberger	18,204
Decrease in financial year 2017*	
Friedrich Joussen	56,164
Horst Baier	53,743

* Decrease corresponds to amounts paid for LTIP-tranches that ended in financial year 2017 (see table on remuneration paid acc. to DCGK)

3.3 EXPENDITURE FOR THE LTIP OF CURRENT EXECUTIVE BOARD MEMBERS ACC. TO IFRS 2

Expenditure for granting of virtual shares in financial year 2017 acc. to IFRS 2

€ '000	Part of total expenditure FY 2017	Part of total expenditure FY 2016
Friedrich Joussen	1,830.0	4,364.9
Horst Baier	495.1	2,954.4
David Burling	296.2	418.2
Sebastian Ebel	381.3	608.8
Dr Elke Eller	252.4	242.8
Frank Rosenberger	238.3	
Total	3,493.2	8,589.1

The table shows the individual amounts of the total expenditure arising from the addition to the provisions to be formed pro rata acc. to IFRS 2 for all of the LTIP tranches to be granted during the term of the respective service agreements. Acc. to IFRS 2, there are provisions totalling €8,585.0 thousand (previous year: €6,693.1 thousand) to cover entitlements under TUI AG's LTIP for current Executive Board members.

Acc. to the German Commercial Code, there are provisions totalling €4,625.8 thousand (previous year: €3,299.2 thousand) for LTIP tranches currently in the lock-up period.

There are liabilities in accordance with IFRS and the German Commercial Code totalling €1,604.6 thousand (previous year: €1,896.0 thousand).

4. FRINGE BENEFITS

Purpose and link to company strategy

Fringe benefits offered should be competitive on the market for highly qualified Executive Board members.

Procedure

Executive Board members receive the following fringe benefits:

- Reimbursement of business travel expenses in accordance with TUI AG's applicable general business travel guidelines
- Twice a year, free of charge, a holiday from within the World of TUI range, without any limitation as to tour operator, type of holiday, category or price. Spouses / partners are granted a 50 % discount on the catalogue price for the aforementioned vacations, and children still in education or training a 100 % discount. Apart from that, a reduction of 75 % (spouses / partners children still in education or training 50 %) is granted for flights
- A suitable company car with driver or alternatively a car allowance of € 1.5 thousand gross per month

- Insurance cover is provided in line with the agreements applicable in Germany and the United Kingdom. This is offered as follows:

TUI AG provides insurance cover for accidents to the customary extent for Mr Joussem, Dr Eller, Mr Baier, Mr Ebel and Mr Rosenberger and will pay the corresponding insurance contributions for the terms of their service agreements. The coverage amounts to €1,500.0 thousand for death and €3,000.0 thousand for disablement. Furthermore, Mr Joussem, Dr Eller, Mr Baier, Mr Ebel and Mr Rosenberger receive an allowance towards health and long-term care insurance in the amount payable if the respective Executive Board member were an employee, but no more than half of each insurance premium.

Insofar as this is permitted by law, Mr Burling will remain a beneficiary, at the expense of TUI AG, of the UK term life, vocational disability and health insurance programmes.

TUI AG also takes out criminal law protection insurance that provides cover for the Executive Board members regarding criminal and misdemeanour proceedings, if these proceedings are based on an act or a failure to act in the exercise of their duties for TUI AG. TUI AG also takes out a suitable financial liability insurance policy (D&O insurance) coverage for the Executive Board members to cover possible claims brought under private law on the basis of statutory liability provisions against one or more of the Executive Board members by a third party or the company for damages for a breach of duty committed in the exercise of their duties. The D&O insurance provides for a deductible of 10% of the damage up to 150% of the fixed annual remuneration.

Amount

The value of the company car, free holidays and insurance benefits received annually by an individual Executive Board member normally does not exceed €150.0 thousand. The fringe benefits are taken into account within the scope of the maximum remuneration listed on page 121.

5. PENSION BENEFITS

5.1 OPERATING PRINCIPLES

Purpose and link to company strategy

Highly-qualified Executive Board members who are needed to develop and implement company strategy are to be acquired and retained.

The pension benefits should be competitive on the market for highly qualified Executive Board members and should provide them with a corresponding level of benefits in their retirement.

Procedure

Benefits in the form of pensions are paid to former Executive Board members if they reach the predefined age limit or are permanently incapacitated. The Executive Board members are not entitled to receive transition payments upon leaving the Executive Board, with the exception of Mr Ebel who has an acquired right to receive transition payments under a legacy contract.

With regard to pension entitlements, different principles apply to Mr Joussem, Dr Eller, Mr Baier, Mr Ebel and Mr Rosenberger on the one hand and Mr Burling on the other hand due to the legacy systems in Germany and the UK.

Mr Joussem, Dr Eller, Mr Baier, Mr Ebel and Mr Rosenberger are entitled to pensions according to the pension commitments granted to Executive Board members of TUI AG (TUI AG Pension Scheme). These Executive Board members receive, on an annual basis, a contractually agreed amount that is paid into an existing pension account for the respective Executive Board member. The contributions to the company pension scheme of Mr Joussem, Dr Eller, Mr Baier and Mr Ebel carry an interest rate established in the pension commitment. The interest rate stands at 5% p.a. The annual interest for Mr Rosenberger's contributions to the company pension scheme is established by the company at its reasonable discretion in such a way that it does not exceed 5%. The beneficiary may choose between a one-off payment, payment by instalments or pension payments. The amounts agreed on in the service agreements of the aforementioned Executive Board members are:

- Mr Joussem: €454.5 thousand per year. Mr Joussem becomes eligible for payment of the pension upon reaching the age of 62
- Dr Eller: €230.0 thousand per year. Dr Eller becomes eligible for payment of the pension upon reaching the age of 63
- Mr Baier: €267.75 thousand per year. Mr Baier becomes eligible for payment of the pension upon reaching the age of 60
- Mr Ebel: €207.0 thousand per year. Mr Ebel becomes eligible for payment of the pension upon reaching the age of 62
- Mr Rosenberger: €112.5 thousand per year in financial year 2017. This amount takes into account Mr Rosenberger having taken up office on 1 January 2017. Mr Rosenberger becomes eligible for payment of the pension upon reaching the age of 63

Should Mr Joussem, Dr Eller, Mr Baier, Mr Ebel and Mr Rosenberger retire from TUI AG before the normal retirement date due to an ongoing occupational disability, they will receive an occupational disability pension until they are able to work again, but at most until they reach the normal retirement date.

Under certain circumstances, spouses, partners or cohabitants of the Executive Board members will, should the respective Executive Board member die, receive a survivor's pension worth 60% of the pension for their lifetime or until remarriage. Children of Executive Board members will, should the respective Executive Board member die, receive an orphan's pension, paid no longer than until they reach the age of 27 at the latest. Children who have lost one parent will receive 20% of the

pension, and those who have lost both parents will receive 25%. This claim is subject to the prerequisite that the child meets the requirements set out in section 32(3), (4), sentence 1 nos. 1 to 3 and (5) German Income Tax Act (Einkommensteuergesetz).

Mr Burling receives a fixed annual amount of €225.0 thousand paid out in cash for his pension.

5.2 PENSION PROVISIONS FOR THE CURRENT EXECUTIVE BOARD MEMBERS UNDER THE TUI AG PENSION COMMITMENTS

At 30 September 2017, pension obligations for current Executive Board members totalled €19,731.2 thousand (previous year balance sheet date: €19,055.8 thousand) according to IAS 19. This includes €4,501.3 thousand (previous year balance sheet date: €5,317.8 thousand) for claims earned by Mr Ebel during the course of his work for the TUI Group up until 31 August 2006. The remaining claims can be broken down as follows:

Pension of current Executive Board members below TUI AG Pension scheme

€ '000	Addition to/reversal from pension provision		Net present value	
	2017	2016	30 Sep 2017	30 Sep 2016
Friedrich Joussen	200.0	1,130.2	3,206.9	3,006.9
Horst Baier	89.7	966.8	9,109.8	9,020.1
Sebastian Ebel	118.7	490.7	1,394.1	1,275.4
Dr Elke Eller	277.6	435.6	713.2	435.6
Frank Rosenberger	805.9	0.0	805.9	0.0
Total	1,491.9	3,023.3	15,229.9	13,738.0

According to commercial law provisions, the pension obligations for current Executive Board members amounted to €15,738.4 thousand (previous year balance sheet date: €13,404.8 thousand); this includes €2,925.0 thousand (previous year balance sheet date: €2,659.6 thousand) for claims earned by Mr Ebel during the course of his work for the TUI Group up until 31 August 2006.

Where the above table shows a corresponding amount, the pension obligations for beneficiaries are funded via the conclusion of pledged reinsurance policies.

6. POTENTIAL ADDITIONAL REMUNERATION IN CASH OR IN VIRTUAL SHARES (ADDITIONAL REMUNERATION)

Purpose and link to company strategy

The additional remuneration is intended to compensate exceptional performance by Executive Board members.

Procedure

The Supervisory Board may grant additional remuneration in cash or in virtual shares in the case of special circumstances or exceptional

performance such as an extraordinarily heavy workload due to major projects like transactions or the long-term takeover of other Executive Board departments, in the case of special successes in connection with the strategic further development of the business model as well as successful crisis management. The Supervisory Board determines whether and in what amount such additional remuneration will be paid.

Cap

The additional remuneration is capped annually and individually for each Executive Board member; for the figures, see table below.

7. REMUNERATION CAPS

The following caps apply to the remuneration (remuneration components and total remuneration) payable to Executive Board members for a financial year:

Remuneration caps

€ '000	Fixed remuneration ²	JEV	LTIP	Additional remuneration	Maximum total remuneration ³
Friedrich Joussem	1,100.0	2,070.0	4,440.0	920.0	7,500.0
Horst Baier	740.0	1,012.5	2,025.0	450.0	4,200.0
David Burling	600.0	900.0	1,500.0	400.0	3,450.0
Sebastian Ebel	680.0	720.0	1,500.0	320.0	3,380.0
Dr Elke Eller	680.0	675.0	1,260.0	300.0	3,100.0
Frank Rosenberger ¹	500.0	630.0	900.0	280.0	1,875.0

¹ Full-year values (12 months), possibly pro rated caps: see table on p. 123

² Fixed amount, no cap applied

³ Contractually agreed cap for total remuneration (incl. fixed remuneration, JEV, LTIP, pension, additional remuneration and fringe benefits)

IV. PAYMENTS IN CASE OF PREMATURE DEPARTURE OF AN EXECUTIVE BOARD MEMBER

The payments to be made to an Executive Board member on the premature termination of his service agreement without good cause have in principle been limited in the service agreements of Messrs. Joussem and Baier to an amount equal to twice their annual remuneration. It has been agreed in the service agreements of Dr Eller, Mr Ebel, Mr Burling and Mr Rosenberger that payments to be made on the premature termination of their Executive Board membership without good cause may not – in the case of premature termination during the first year after the coming into force of the service agreement – exceed an amount equal to twice their annual remuneration and – in the case of premature termination after the end of the first year of the service agreement – an amount equal to their annual remuneration (severance pay cap). Payments upon premature termination shall not cover more than the remaining term of the service agreement for any member of the Executive Board. The severance pay cap is calculated on the basis of the target direct remuneration (fixed remuneration, target JEV and target LTIP) for the last expired financial year and, if relevant, the expected target direct compensation for the current financial year. If the service agreement is terminated extraordinarily without notice, no payments will be made to Executive Board members.

In cases of premature termination of the service agreement, the annual performance-based remuneration (JEV) and payments according to the LTIP will be managed as follows:

- JEV
 - If the company terminates the service agreement without notice before the end of the one-year performance reference period for good cause attributable to the beneficiary or if the beneficiary terminates the service agreement without good cause, the claim to the JEV for the performance reference period in question will be forfeited and no alternative remuneration or compensation will be paid.
 - In all other cases of premature termination of the service agreement before the end of the one-year performance reference period, the JEV will be paid on a pro rata basis.

- LTIP:

- If the company terminates the service agreement without notice before the end of the respective performance reference period for good cause attributable to the Executive Board member, or if the Executive Board member terminates the service agreement without good cause, all claims under the LTIP will lapse for all tranches not yet paid and no alternative remuneration or compensation will be paid.
- If the service agreement ends before the expiry of the performance reference period for other reasons, the claims under the LTIP will be maintained for tranches not yet paid. The tranche of the current financial year will be reduced on a pro rata basis. The payout will be calculated in the same way as in the case of a continuation of the service agreement.

The service agreements of the Executive Board members do not contain change of control clauses.

V. OTHER PAYMENTS/BENEFITS FOR EXECUTIVE BOARD MEMBERS WHO LEFT THE BOARD IN FINANCIAL YEAR 2017

No members left the Executive Board of TUI AG in financial year 2017, so no benefits were granted or paid out.

VI. PENSION PAYMENTS MADE TO PAST EXECUTIVE BOARD MEMBERS

In financial year 2017, the pension payments to former Executive Board members and their surviving dependants totaled €13,497.1 thousand (previous year: €4,933.2 thousand).

Pension provisions for former members of the Executive Board and their dependants amounted as at the balance sheet date to €64,683.5 thousand (previous year: €78,976.5 thousand) as measured according to IAS 19, not including Mr Ebel's claims in the amount of €4,501.3 thousand (previous year: €5,317.7 thousand) which he earned before 31 August 2006 during the course of his work for the TUI Group.

According to commercial law provisions, the pension obligations for former members of the Executive Board and their dependants amounted to €55,074.1 thousand (previous year: €62,846.3 thousand), not including Mr Ebel's claims in the amount of €2,925.0 thousand (previous year: €2,659.6 thousand) which he earned before 31 August 2006 during the course of his work for the TUI Group.

VII. OVERVIEW: INDIVIDUAL REMUNERATION OF EXECUTIVE BOARD MEMBERS

1. INDIVIDUAL REMUNERATION OF EXECUTIVE BOARD MEMBERS FOR FINANCIAL YEAR 2017 (PURSUANT TO SECTION 314(1), NO. 6(A) GERMAN COMMERCIAL CODE)

Remuneration of individual Executive Board members granted by TUI AG for financial year 2017 (acc. to section 314, paragraph 6 lit a of the German Commercial Code)

€ '000	Fixed remuneration ¹	JEV	Additional remuneration	LTIP ⁵	Total 2017	Total 2016
Friedrich Jousen	1,232.3	1,096.0	920.0	0.0	3,248.3	3,035.6
Horst Baier	760.0	536.1	450.0	0.0	1,746.1	1,890.5
David Burling	707.9	476.5	400.0	0.0	1,584.4	1,463.9
Sebastian Ebel ²	698.0	381.2	320.0	1,500.0	2,899.2	1,355.5
Dr Elke Eller	714.3	357.4	300.0	0.0	1,371.6	2,552.3
Frank Rosenberger ³	416.4	250.2	210.0	1,389.5	2,266.0	0.0
Total	4,528.8	3,097.4	2,600.0	2,889.5	13,115.7	
Previous year ⁴	4,942.8	3,319.2	2,569.6	1,269.9	12,101.5	

¹ Incl. fringe benefits (without insurances under Group coverage).

² Disclosure of LTIP due to prolongation of service agreement until 30 November 2020

³ Pro rated disclosure of all remuneration components from 1 January 2017

⁴ Previous year's values include remuneration of Peter Long and William Waggott

⁵ Based on share price of the TUI AG share as at 4 October 2016 this corresponds for Mr Ebel to 116,369 virtual shares and for Mr Rosenberger to 107,797 virtual shares.

For the purpose of setting the discretionary multiplier of between 0.8 and 1.2 used to calculate the JEV (procedure description see page 117) and the additional remuneration (procedure description see page 120) the Supervisory Board exercises its discretion within the framework of the service agreements of the members of the Executive Board.

The basis for the Supervisory Board's decision regarding the discretionary multiplier for calculating the JEV was, among other things, the level of employee satisfaction (engagement index on Group level) determined as part of the TUItogether employee survey for the financial year 2017, which, compared with the previous financial year, remained at a consistently high level with a higher response rate. This outcome can be attributed to the fact that the members of the Executive Board have consistently implemented and achieved their own packages of measures defined on the basis of the results from the previous year, and have also steadily advanced the implementation of the measures through the management level below the Executive Board. In addition to that, the Supervisory Board also took into account, among other things, the successful introduction of the Global 60 Initiative that encourages employees to follow an international career, the huge progress in delivering a Group airline platform, and the promising efforts to initiate a solution for the German airline. The successful completion of the cultural integration as well as the realisation of synergies as a result of the merger were taken into account in the Supervisory Board's decision to set the discretionary multiplier at 1.1 when calculating the JEV for each member of the Executive Board.

In terms of the additional remuneration, the Supervisory Board considered the exceptional achievements of each and every member of the Executive Board, especially in light of the geopolitical challenges. The successful management of the shift in demand from the eastern to the western Mediterranean due to, inter alia, the consistently low level of

bookings for Turkey and coupled with a significant increase in hotel prices there, is the result of an excellent board performance. Moreover, management succeeded in compensating the Brexit-related slowdown in bookings and the price hike resulting from the depreciation of the British pound in the UK source market by means of extraordinarily good results in other source markets and in particular the hotels and resorts, and cruise business units. Last but not least, the Supervisory Board's decision recognizes the clear rise in the stock price in the period under review which is the result of, among other things, the perception in the capital markets of TUI AG's business model as being stable and robust owing to the consistent and highly successful expansion of its content portal as well as the sound financing.

The LTIP amount disclosed in the table headed 'Individual Remuneration of Executive Board members for the financial year 2017' corresponds to the fair value at grant date (acc. to IFRS 2). This amount takes into account all allocations accumulated over the entire contract period. The table of the 'remuneration awarded' according to the GCGC shows the amount allocated in the respective financial year.

As in the prior year, the members of the Executive Board did not receive any loans or advances in financial year 2017.

Dr Eller received €12.1 thousand from Nord/LB for her activities – which were approved by the Supervisory Board during her Executive Board membership in financial year 2017 – in supervisory boards or comparable domestic and foreign corporate supervisory bodies to be set up in accordance with section 125 German Stock Corporation Act, which activities were not carried out on the basis of a shareholding of TUI AG in the companies concerned. Mr Jousen acquired a claim for €27.9 thousand for his seat on the supervisory board of SIXT SE in finan-

cial year 2017 that will become due and payable following the end of SIXT SE's financial year. This remuneration was not counted towards the remuneration paid to her by TUI AG as an Executive Board member.

Pursuant to 4.2.5, attachment tables 1 and 2 GCGC, the two tables below (remuneration awarded and remuneration paid) show the benefits granted by TUI AG and the payments received.

2. REMUNERATION AWARDED

Remuneration awarded

€ '000	Friedrich Jousen CEO, since 14 February 2013 ¹				Horst Baier CFO, since 8 November 2007			
	2016	2017	2017 (min.)	2017 (max.)	2016	2017	2017 (min.)	2017 (max.)
Fixed remuneration	1,100.0	1,100.0	1,100.0	1,100.0	803.0	740.0	740.0	740.0
Fringe benefits	45.4	132.3	132.3	132.3	18.7	20.0	20.0	20.0
Total	1,145.4	1,232.3	1,232.3	1,232.3	821.7	760.0	760.0	760.0
JEV	920.0	920.0	–	2,070.0	450.0	450.0	–	1,012.5
Additional remuneration	920.0	920.0	–	920.0	450.0	450.0	–	450.0
LTIP	1,494.8	1,494.8	–	4,440.0	681.8	681.8	–	2,025.0
LTIP (2016–2019)	1,494.8	–	–	–	681.8	–	–	–
LTIP (2017–2020)	–	1,494.8	–	4,440.0	–	681.8	–	2,025.0
Total	4,480.2	4,567.1	1,232.3	8,662.3	2,403.5	2,341.8	760.0	4,247.5
Pension / service costs ²	726.0	625.7	625.7	625.7	22.3	–	–	–
Total remuneration³	5,206.2	5,192.8	1,858.0	7,500.0	2,425.8	2,341.8	760.0	4,200.0

Remuneration awarded

€ '000	David Burling Member of the Executive Board, since 1 June 2015				Sebastian Ebel Member of the Executive Board, since 12 December 2014			
	2016	2017	2017 (min.)	2017 (max.)	2016	2017	2017 (min.)	2017 (max.)
Fixed remuneration	600.0	600.0	600.0	600.0	680.0	680.0	680.0	680.0
Fringe benefits	42.1	107.9	107.9	107.9	18.0	18.0	18.0	18.0
Total	642.1	707.9	707.9	707.9	698.0	698.0	698.0	698.0
JEV	400.0	400.0	–	900.0	320.0	320.0	–	720.0
Additional remuneration	400.0	400.0	–	400.0	320.0	320.0	–	320.0
LTIP	505.0	505.0	–	1,500.0	505.0	505.0	–	1,500.0
LTIP (2016–2019)	505.0	–	–	–	505.0	–	–	–
LTIP (2017–2020)	–	505.0	–	1,500.0	–	505.0	–	1,500.0
Total	1,947.1	2,012.9	707.9	3,507.9	1,843.0	1,843.0	698.0	3,238.0
Pension / service costs ²	225.0	225.0	225.0	225.0	328.5	286.1	286.1	286.1
Total remuneration³	2,172.1	2,237.9	932.9	3,450.0	2,171.5	2,129.1	984.1	3,380.0

Remuneration awarded

€ '000	Dr Elke Eller Member of the Executive Board/Labour Director, since 15 October 2015				Frank Rosenberger Deputy member of the Executive Board, since 1 January 2017			
	2016	2017	2017 (min.)	2017 (max.)	2016	2017	2017 (min.)	2017 (max.)
Fixed remuneration	654.2	680.0	680.0	680.0	375.0	375.0	375.0	375.0
Fringe benefits	23.8	34.3	34.3	34.3	41.4	41.4	41.4	41.4
Total	678.0	714.3	714.3	714.3	416.4	416.4	416.4	416.4
JEV	288.6	300.0	–	675.0	210.0	–	–	472.5
Additional remuneration	300.0	300.0	–	300.0	210.0	–	–	210.0
LTIP	408.1	424.2	–	1,260.0	227.3	–	–	675.0
LTIP (2016–2019)	408.1	–	–	–	–	–	–	–
LTIP (2017–2020)	–	424.2	–	1,260.0	227.3	–	–	675.0
Total	1,674.8	1,738.5	714.3	2,949.3	1,063.6	416.4	416.4	1,773.9
Pension/service costs ²	405.0	345.1	345.1	345.1	382.6	382.6	382.6	382.6
Total remuneration³	2,079.8	2,083.6	1,059.4	3,100.0	1,446.2	799.0	799.0	1,406.3

¹ Joint-CEO until 9 February 2016; member of the Executive Board since 15 October 2012

² For Mr Joussem, Mr Baier, Mr Ebel, Mrs Dr Eller and Mr Rosenberger service costs acc. to IAS19; for Mr Burling payment for pension contribution

³ When contractually agreed cap for total remuneration to be paid is exceeded, LTIP is reduced proportionally.

3. REMUNERATION PAID

Remuneration paid

€ '000	Friedrich Joussem CEO, since 14 February 2013 ¹		Horst Baier CFO, since 8 November 2007		David Burling Member of the Executive Board, since 1 June 2015	
	2016	2017	2016	2017	2016	2017
Fixed remuneration	1,100.0	1,100.0	803.0	740.0	600.0	600.0
Fringe benefits	45.4	132.3	18.7	20.0	42.1	107.9
Total	1,145.4	1,232.3	821.7	760.0	642.1	707.9
JEV	970.2	1,096.0	474.6	536.1	421.8	476.5
Additional remuneration	920.0	920.0	450.0	450.0	400.0	400.0
LTIP	820.0	820.0	1,220.2	784.6	–	–
Cash deferral (FY 2014)	–	–	144.2	–	–	–
LTIP (2013–2016)	820.0	–	1,076.0	–	–	–
LTIP (2014–2017)	–	820.0	–	784.6	–	–
Others	–	–	–	–	–	–
Total	3,855.6	4,068.3	2,966.5	2,530.7	1,463.9	1,584.4
Pension/service costs ²	726.0	625.7	22.3	–	225.0	225.0
Total remuneration	4,581.6	4,694.0	2,988.8	2,530.7	1,688.9	1,809.4

Remuneration paid

	Sebastian Ebel Member of the Executive Board, since 12 December 2014		Dr Elke Eller Member of the Executive Board/ Labour Director, since 15 October 2015		Frank Rosenberger Deputy member of the Executive Board, since 1 January 2017	
€ '000	2016	2017	2016	2017	2016	2017
Fixed remuneration	680.0	680.0	654.2	680.0		375.0
Fringe benefits	18.0	18.0	23.8	34.3		41.4
Total	698.0	698.0	678.0	714.3		416.4
JEV	337.5	381.2	304.4	357.4		250.2
Additional remuneration	320.0	320.0	300.0	300.0		210.0
LTIP						
Cash deferral (FY 2014)						
LTIP (2013–2016)						
LTIP (2014–2017)						
Others						
Total	1,355.5	1,399.2	1,282.4	1,371.6		876.5
Pension/service costs ²	328.5	286.1	405.0	345.1		382.6
Total remuneration	1,684.0	1,685.3	1,687.4	1,716.7		1,259.1

¹ Joint CEO until 9 February 2016; member of the Executive Board since 15 October 2012

² For Mr Joussem, Mr Baier, Mr Ebel, Mrs Dr Eller and Mr Rosenberger service costs acc. to IAS19; for Mr Burling payments for pension contribution

The remuneration paid for the last expired financial year shows the LTIP cash payment for the performance reference period 'LTIP 2014–2017' for Mr Joussem and Mr Baier.

In his service agreement of 30 July 2012, a contractual advance payment of €1,280.0 thousand was agreed with and paid to Mr Joussem for the performance reference period 'LTIP 2014–2017'. The payment was deducted from the entitlement for the entire performance reference period 'LTIP 2014–2017' that actually arose upon expiry of financial year 2017. In this respect, only the remaining difference of €820 thousand is shown in the aforementioned table as remuneration paid.

VII. REVIEW OF APPROPRIATENESS OF THE REMUNERATION AND PENSIONS OF EXECUTIVE BOARD MEMBERS

Following the end of financial year 2017, the Supervisory Board carried out the annual review of the remuneration and pensions of Executive Board members for financial year 2017. It concluded that these are appropriate in accordance with section 87(1) German Stock Corporation Act.

The Supervisory Board also regularly makes use of external advisors when assessing the appropriateness of the remuneration and pensions of Executive Board members. This involves, firstly, assessing from an outside perspective the level and structure of the remuneration of Executive Board members in relation to the remuneration of senior management and the workforce as a whole (vertical comparison). In addition to a status quo review, the vertical comparison also takes into account how this relationship changes over time. Secondly, the remuneration level and structure are assessed on the basis of a positioning of TUI AG in a peer market made up of a combination of DAX and MDAX companies that are similar to TUI AG in terms of size and complexity of business (horizontal

comparison). In addition to the fixed remuneration, the horizontal comparison also covers the short- and long-term remuneration components as well as the amount of company pension. For financial year 2017, the Supervisory Board commissioned the consultancy company hkp Group AG to prepare an expert report on the appropriateness of the remuneration level for Executive Board members. The partner of hkp Group AG commissioned by the Supervisory Board and responsible for carrying out the assessment is independent of the Executive Board of TUI AG and the company. The finding of the external advisor supported the judgment of the Supervisory Board that the level of remuneration of Executive Board members complies with section 87(1) German Stock Corporation Act as well as the recommendations of the GCGC.