

REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

TUI AG has delivered on its promise! With the completion of financial year 2017, your Company has delivered the considerable year-on-year increase in earnings promised in the wake of the merger in 2014 for the third consecutive year. This success is the result of major, joint efforts by the Executive Board, employees and Supervisory Board – and we are proud of it! In a geopolitical situation characterised by continued uncertainty and risks, TUI AG has sent an important signal of reliability to you, its owners, but also to its employees. The trust you placed in the merger between TUI AG and TUI Travel PLC was justified.

Today, we can regard the merger and the integration of the two companies and cultures as completed. The Executive Board has fully delivered and in some key areas even outperformed the synergies promised in the wake of the merger. As the global employee survey carried out for the third consecutive year has shown, TUI's executives and employees show far above-average engagement. They trust the work performed by the Executive Board and the strategy, which focuses on the transformation from a conventional trading company and tour operator to a vertically integrated content provider. We thus continue to be on track.

In financial year 2017, the Supervisory Board supported in particular the further development of key issues of relevance to the Company. We intensively discussed the Group's future strategic orientation with the Executive Board. Apart from the influence of blockchain technology on today's business model, the situation at TUI fly and the ultimately failed negotiations about a European aviation joint venture, we also discussed the Group's strategy in Asia and held in-depth discussions about the impact of Brexit on the Company. In order to prepare the strategic debates of the Supervisory Board, the Strategy Committee formed in 2016 again proved to be a valuable, focused platform. The Committee also discussed, inter alia, TUI Group's airline strategy and its platform strategy (e.g. IT, brand, marketing) and the associated Group-wide systems.

Corporate Governance issues were another focus of our work. Apart from features derived from the further development of the German and the UK Corporate Governance Codes, we also dealt with a review of the remuneration system for the Executive Board. Following the merger, we had deliberately placed the focus on continuity. We merely shifted the remuneration for Supervisory Board members to a system of purely fixed remuneration two years ago. Nevertheless, we recognise that our shareholders regard the remuneration system applied for a number of years as being in need of revision. Following careful review and analysis, we managed, taking into account and weighing up the interests of many stakeholders – including cross-border stakeholders – and following intense debates about numerous alternatives, we finally succeeded in

adopting a remuneration system meeting all legal requirements and manifold recommendations. It will be applied with retroactive effect from 1 October 2017, as all Executive Board members have agreed. The new system will increase the transparency of the exercise of discretion by the Supervisory Board in individual performance assessment through alignment with a target system. Moreover, we have abandoned the possibility of paying discretionary bonuses for good. The payment hurdles for the variable remuneration have become significantly more ambitious following your legitimate comments, and they offer the Executive Board new opportunities. My colleagues on the Supervisory Board and I are convinced that the new, unanimously adopted compensation system for the Executive Board members harmonises the sometimes diverging interests of shareholders, employees and Executive Board members in the best possible manner. Based on this conviction, we will submit the remuneration system, described concerning its major elements and amendments on page 116 of the Annual Report, to the Annual General Meeting 2018 for its approval.

We have also repeatedly dealt with the future composition of the Supervisory Board and its chair, after Peter Long announced that he was no longer seeking to assume the role as chairman of the Supervisory Board. Peter Long will remain Chairman of the Strategy Committee and successfully continue its work in cooperation with the members. The Supervisory Board also plans to elect Mr Long as its second Deputy Chairman when Sir Mike Hodgkinson leaves the Supervisory Board at the Annual General Meeting 2018.

Although I have been elected for a term of office that will expire at the Annual General Meeting 2021, I had already announced at my re-election in 2016 that I was going to exercise my functions for an appropriate period of time. I intend to step down from my offices as at 30 September 2018. Against this backdrop, my activities but also those of the Nomination Committee, Presiding Committee and Supervisory Board were devoted in part to the search for a successor. I am delighted that the Supervisory Board, at its meeting on 12 December 2017, proposed Dr Dieter Zetsche as a candidate for election by the Annual General Meeting 2018 and has announced its intention to elect Dr Zetsche as Chairman of the Supervisory Board upon my departure should he be elected by the shareholders. I am convinced that TUI AG has gained a high-calibre, experienced entrepreneur with extensive international experience and a far-reaching understanding of strategically important issues with Dr Zetsche.

Cooperation between the Executive Board and the Supervisory Board

In a stock corporation under German law, there is a mandatory strict separation of the executive board and the supervisory board. While the management of the company is the exclusive task of the executive board, the supervisory board is in charge of advising and overseeing the executive board. As the oversight body, the Supervisory Board provided on-going advice and supervision for the Executive Board in managing the Company in financial year 2017, as required by the law, the articles of association and our own terms of reference.

Its actions were guided by the principles of good and responsible corporate governance. Our monitoring activities essentially served to ensure that the management of business operations and the management of the Group were lawful, orderly, fit for purpose and commercially robust. The individual advisory and oversight tasks of the Supervisory Board are set out in terms of reference. Accordingly, the Supervisory Board is, for instance, closely involved in entrepreneurial planning processes and the discussion of strategic projects and issues. Moreover, there is a defined list of specific Executive Board decisions requiring the consent of the Supervisory Board, some of which call for detailed review in advance and require the analysis of complex facts and circumstances from a supervisory and consultant perspective (own business judgement).

TUI AG falls within the scope of the German Industrial Co-Determination Act (MitbestG). Its Supervisory Board is therefore composed of an equal number of shareholder representatives and employee representatives. Employee representatives within the meaning of the Act include a senior manager (section 5 (3) of the German Works Council Constitution Act) and three trade union representatives. All Supervisory Board members have the same rights and obligations and they all have one vote in voting processes. In the event of a tie, a second round of voting can take place according to the terms of reference for the Supervisory Board, in which case I as Chairman of the Supervisory Board have the casting vote.

In written and verbal reports, the Executive Board provided us with regular, timely and comprehensive information at our meetings and outside our meetings. The reports encompassed all relevant facts about strategic development, planning, business performance and the position of the Group in the course of the year, the risk situation, risk management and compliance, but also reports from the capital markets (e.g. from analysts), media reports and reports on current events (e.g. crises). The Executive Board discussed with us all key transactions of relevance to the Company and the further development of the Group. Any deviations in business performance from the approved plans were explained in detail. The Supervisory Board was involved in all decisions of fundamental relevance to the Company in good time. We fully discussed and adopted all resolutions in accordance with the law, the Articles of Association and our terms of reference. We were comprehensively and speedily informed about specific and particularly urgent plans and projects, including those arising between the regular meetings. As Chairman of the Supervisory Board, I was also regularly informed about current



The Supervisory Board of TUI AG at its meeting on 17 October 2017, TUI AG Hannover.

Back row: Dr Dierk Hirschel, Coline Lucille Mc Conville, Mag. Stefan Weinhofer, Peter Long, Peter Bremme, Andreas Barczewski

Third row: Michael Pönipp, Carola Schwirn, Angelika Gifford, Wolfgang Flintermann

Second row: Janis Carol Kong, Anette Strempel, Ortwin Strubelt, Prof. Edgar Ernst

Front row: Valerie Frances Gooding, Prof. Klaus Mangold (Chairman), Frank Jakobi (Vice Chairman), Carmen Riu Güell, Sir Michael Hodgkinson (Vice Chairman)

Member not in the photo: Alexey Mordashov

business developments and key transactions in the Company between Supervisory Board meetings.

Deliberations in the Supervisory Board and its Committees

Prior to Supervisory Board meetings, the shareholder representatives on the Supervisory Board and the employees' representatives met in separate meetings, which were regularly also attended by Executive Board members.

Apart from the full Supervisory Board, a total of five committees were in place in the completed financial year: the Presiding Committee, Audit Committee, Strategy Committee, Nomination Committee and Integration Committee. The Mediation Committee formed pursuant to section 27 (3)

of the Co-Determination Act did not have to meet. The Chairman of each Committee provides regular and comprehensive reports about the work performed by the Committee at the ordinary Supervisory Board meetings.

In financial year 2017, we again recorded a gratifyingly high meeting attendance, as we have done for several years. Average attendance was 93.8 % (previous year 96.6 %) at plenary meetings and 97.6 % (previous year 90.7 %) at Committee meetings. No Supervisory Board member attended fewer than half of the Supervisory Board meetings in financial year 2017. Members unable to attend a meeting usually participated in the voting through proxies. Preparation of all Supervisory Board members was greatly facilitated by the practice of distributing documents in advance in the run-up to the meetings and largely dispensing with handouts at meetings.

Attendance at meetings of the Supervisory Board in financial year 2017

Attendance at meetings of the Supervisory Board 2017

Name	Supervisory Board	Presiding Committee	Audit Committee	Nomination Committee	Strategy Committee	Integration Committee
Prof. Klaus Mangold (Chairman)	8 (8)	8 (8) ¹	8 (8)	2 (2) ¹	6 (6)	1 (1) ¹
Frank Jakobi (Deputy Chairman)	8 (8)	8 (8)			6 (6)	1 (1)
Sir Michael Hodgkinson (Deputy Chairman)	8 (8)	7 (8)		2 (2)		1 (1) ²
Andreas Barczewski	8 (8)		8 (8)			
Peter Bremme	7 (8)	7 (8)				
Prof. Edgar Ernst	8 (8)		8 (8) ¹			1 (1)
Wolfgang Flintermann	8 (8)					
Angelika Gifford	7 (8)				6 (6)	
Valerie Frances Gooding	7 (8)				5 (6)	1 (1)
Dr. Dierk Hirschel	7 (8)		8 (8)			
Janis Carol Kong	8 (8)		7 (8)			
Peter Long	7 (8)				6 (6) ¹	
Coline Lucille McConville	7 (8)		7 (8)			1 (1)
Alexey A. Mordashov	6 (8)	6 (8)		2 (2)	6 (6)	
Michael Pönipp	8 (8)		8 (8)			
Carmen Riu Güell	7 (8)	8 (8)		2 (2)		
Carola Schwirn	8 (8)					
Anette Stempel	8 (8)	8 (8)				
Ortwin Strubelt	8 (8)	8 (8)	8 (8)			
Stefan Weinhofer	7 (8)					
Attendance at meetings in %	93.8	93.8	96.9	100.0	97.2	100.0
Attendance at Committee meetings in %	97.6					

(In brackets: number of meetings held)

¹ Chairman of Committee

² Deputy Chairman of Committee

Key topics discussed by the Supervisory Board

The Supervisory Board held nine meetings focusing on the following issues:

1. At its meeting on 26 October 2016, the Supervisory Board discussed the current business performance. The discussions also focused on strategic options for the German TUI fly. In that context, we intensively deliberated on a potential joint venture with Etihad. The debate also related to the stake in Hapag-Lloyd AG (HLAG) and the status of the divestment process for Specialist Group. The Supervisory Board furthermore approved the budget for financial year 2017 and the acquisition of a stake in Peakwork Software.
2. At its extraordinary meeting on 23 November 2016, the Supervisory Board intensively discussed the status of negotiations and approval for the conclusion of a (non-binding) memorandum of understanding to form a joint venture between TUI fly and Etihad. These extensive deliberations focused on essential framework parameters and the future alignment of the planned joint venture.
3. At the extraordinary Supervisory Board meeting on 1 December 2016, held in the form of a conference call, we adopted the personal performance factors for the annual performance bonuses for members of the Executive Board for financial year 2016 after due deliberation. Following an in-depth review, we also established the appropriateness of the remuneration and pensions for Executive Board members.
4. At its meeting on 7 December 2016, the Supervisory Board discussed in detail the annual financial statements of TUI Group and TUI AG, each having received an unqualified audit opinion from the auditors, the combined management report for TUI Group and TUI AG, the Report by the Supervisory Board, the Corporate Governance Report and the Remuneration Report. The discussions were also attended by representatives of the auditors. Following comprehensive debate of these reports and its own review carried out on the previous day by the Audit Committee, the Supervisory Board endorsed the findings of the auditors and approved the financial statements prepared by the Executive Board and the combined management report for TUI AG and the Group. The annual financial statements for 2017 were thereby adopted. Moreover, the Supervisory Board approved the Report by the Supervisory Board, the Corporate Governance Report and the Remuneration Report. It also adopted the invitation to the ordinary AGM 2017 and the proposals for resolutions to be submitted to the AGM. The Supervisory Board discussed various options relating to aircraft funding and the future approach to be adopted by the Group. We also resolved the 2016 declaration of compliance with the German Corporate Governance Code and the Corporate Governance Declaration required by the UK's Corporate Governance Code. We moreover decided to adjust our targets for the composition of the Supervisory Board (see Corporate Governance Report) and considered various reports, including a report on the results of our 2016 TUIgether employee survey, the implementation of the female and gender quotas in Germany, the IT strategy and security. In the framework of Executive Board matters, Frank Rosenberger was appointed as member of the Executive Board with effect from 1 January 2017 and a new business allocation plan reflecting the changes in the allocation of responsibilities to Board members was adopted. The Supervisory Board was also given a status report on I'tur and updates on the sales process for Travelopia and the joint venture between TUI fly and Etihad.
5. On 13 February 2017, the Supervisory Board mainly discussed TUI AG's interim statement and report for the quarter ended 31 December 2016 and prepared the 2017 Annual General Meeting. The Supervisory Board also discussed the structure of Executive Board remuneration. We dealt with the sales process for Hotelbeds Group, the business performance and future strategy for source market Germany and approved the final initiation of the sales process for Travelopia. The Supervisory Board also discussed the expansion of capacity at TUI Cruises GmbH and was given reports about the activities of the TUI Foundation and TUI Care Foundation. We were given a comprehensive update on the status of negotiations regarding the planned joint venture between TUI fly and Etihad (e.g. economic framework, open issues). We also adopted resolutions on transactions requiring the Supervisory Board's consent, including the issue of employee shares for financial year 2017 and the further sale of shares in HLAG. We were furthermore given a report on the status of the proceedings Erzberger versus TUI AG before the ECJ.
6. On 12 May 2017, we debated TUI AG's interim report for the second quarter ended on 31 March 2017 and the half-year financial report. We also resolved to extend the appointment of Sebastian Ebel as an Executive Board member and his service contract by a further three years. The Supervisory Board moreover discussed the initial approaches for a reform of the Executive Board remuneration system and we were given another status report on the negotiations regarding the planned joint venture between TUI fly and Etihad. The Supervisory Board was then given another update on a potential capacity expansion at TUI Cruises GmbH and the status of the sale of shares in HLAG. We also discussed on-going activities to strengthen IT security and various aspects related to the internal and external security structure. The Supervisory Board considered various Corporate Governance issues and was given a report on the state of pay regarding TUI Group's key litigation cases. The Supervisory Board was also informed about the current business performance and market in Turkey. We debated and deliberated on the impact of the Brexit referendum on the Group. Moreover, the Supervisory Board approved a number of transactions requiring its consent (including the issue of employee shares in financial year 2018, the extension of the revolving credit facility ahead of its due date and the sale of Travelopia subject to certain conditions).

7. At its extraordinary meeting on 29 June 2017, the Supervisory Board discussed the termination of the negotiations on the joint venture between TUI fly and Etihad and engaged in comprehensive and extensive debates with the Executive Board on the resulting options for a repositioning of TUI fly.
8. On 30 August 2017 (by written circulation), the Supervisory Board approved the increase in the Company's capital stock for the issue of employee shares under the oneShare employee share programme for financial year 2017.
9. During a two-day strategy offsite meeting on 13 and 14 September 2017, we intensively debated the key challenges surrounding the business model, growth opportunities, IT trends (e.g. blockchain technology), the Group-wide customer value and customer relationship management platform, uniform branding (oneBrand) and the cruise strategy.

We then comprehensively debated the consolidated five-year plan. The discussions also focused on the insolvency of Air Berlin. We furthermore deliberated on Executive Board matters and adopted the fundamental structure of the new remuneration system for the Executive Board. We were also given reports on crisis management, the Security, Health & Safety structure and the security of our customers and employees. We heard a report on the effects of the Transparency of Remuneration Act and the implementation of the Act and dealt with succession planning for the Executive Board and professional development at the top management level. We also discussed the new CSR reporting (see Management Report) and adopted diversity concepts for the composition of the Executive Board and Supervisory Board. We moreover adopted the overall competence profile for the full Supervisory Board. We then adopted resolutions regarding transactions requiring our consent (including the granting of a guarantee as collateral for a loan).

Meetings of the Presiding Committee

The Presiding Committee takes the lead on various Executive Board issues (including succession planning, new appointments, terms and conditions of service contracts, proposals for the remuneration system). It also prepares the meetings of the Supervisory Board. In the period under review, the Presiding Committee held nine meetings.

Members of the Presiding Committee:

- Prof. Klaus Mangold (Chairman)
- Peter Bremme
- Carmen Riu Güell
- Sir Michael Hodginson
- Frank Jakobi
- Alexey Mordashov
- Anette Strempel
- Ortwin Strubelt

1. At its extraordinary meeting on 12 October 2016, the Presiding Committee intensively discussed the business interruption of the German TUI fly against the background of efforts undertaken by the Executive Board to find cooperation partners for the airline, which had become public. The Presiding Committee was given a presentation on the measures initiated by the Executive Board and the status and timeframe of negotiations relating to the cooperation partner project.
2. At its meeting on 26 October 2016, the Presiding Committee discussed Executive Board issues, including deliberations on the creation of a new Executive Board function with a focus on IT and new markets. The Committee also discussed various topics relating to Executive Board remuneration for the completed financial year and the current financial year.
3. At its extraordinary meeting on 23 November 2016, the Presiding Committee discussed the status of the negotiations about the joint venture between TUI fly and Etihad. We also deliberated on various Executive Board issues and adopted resolutions regarding the variable annual remuneration for financial year 2016. We then reviewed the appropriateness of Executive Board remuneration and pensions and discussed the terms and conditions of the service contract for Frank Rosenberger.
4. At its meeting on 6 December 2016, after due deliberation, the Presiding Committee recommended the appointment of Frank Rosenberger as an Executive Board member to the Supervisory Board and discussed further Executive Board issues.
5. On 13 February 2017, the Presiding Committee again discussed the status of negotiations on the joint venture between TUI fly and Etihad as well as the Group's major litigation cases and the divestment process for Travelopia. We then formulated approaches for a fundamental revision of the compensation system for the Executive Board.
6. At its meeting on 12 May 2017, the Presiding Committee discussed renewing the appointment of Sebastian Ebel and the status of the reform of the remuneration system for the Executive Board. Following the abolition of the Integration Committee in December 2016, we were given a report on the merger-related synergies and intercultural integration.
7. At an extraordinary meeting on 13 June 2017, by written circulation, the Presiding Committee granted approval to Friedrich Jousen to join the Supervisory Board of Sixt SE/Pullach.
8. At an extraordinary meeting on 30 August 2017, the Presiding Committee intensively discussed the status of the reform of the remuneration system for the Executive Board.
9. On 13 September 2017, we discussed Executive Board issues. We were also informed about the remuneration structure for the management level below the Executive Board as well as HR development topics.

AUDIT COMMITTEE

Members of the Audit Committee:

- Prof. Edgar Ernst (Chairman)
- Andreas Barczewski
- Dr Dierk Hirschel
- Janis Kong
- Prof. Klaus Mangold
- Coline McConville
- Michael Pönipp
- Ortwin Strubelt

The Audit Committee held eight ordinary meetings in the financial year under review. For the tasks and the advisory and resolution-related issues discussed by the Audit Committee, we refer to the comprehensive report on page 15.

NOMINATION COMMITTEE

The Nomination Committee proposes suitable shareholder candidates to the Supervisory Board for its election proposals to the Annual General Meeting or appointment by the district court.

Members of the Nomination Committee, which held two meetings:

- Prof. Klaus Mangold (Chairman)
- Carmen Riu Güell
- Sir Michael Hodgkinson
- Alexey Mordashov

1. At its meeting on 11 May 2017, the Nomination Committee discussed the future composition of the shareholder side of the Supervisory Board and its committees.
2. At its meeting on 12 September 2017, the Nomination Committee again discussed the future composition of the shareholder side of the Supervisory Board.

STRATEGY COMMITTEE

The Strategy Committee was established on 9 February 2016 by resolution of the Supervisory Board. Its task is to advise the Executive Board in developing and implementing the corporate strategy. The Committee met six times in the financial year under review. Apart from Committee members, the meetings of the Strategy Committee are regularly attended by Sir Michael Hodgkinson.

The members of the Strategy Committee, which met six times, are:

- Peter Long (Chairman)
- Angelika Gifford
- Val Gooding
- Frank Jakobi
- Prof. Klaus Mangold
- Alexey Mordashov

1. At its meeting on 25 October 2016, the Supervisory Board extensively dealt with the Group's aviation strategy and the future positioning of TUI fly. We also discussed various aspects related to Customer Relationship Management (CRM) and IT investments.

2. At its meeting on 5 December 2016, the Committee discussed marketing topics, the divestment process for Travelopia and the aviation strategy.
3. On 17 February 2017, we deliberated on the growth of the Mein Schiff fleet and discussed the situation in source market Germany and the marketing strategy pursued in that market.
4. At its meeting on 11 May 2017, the Committee discussed the growth strategy for new markets with a special focus on Asia, in particular China. In that context, we intensively debated the expansion of cooperation schemes as well as TUI's own initiatives.
5. At the meeting on 15 August 2017, we again comprehensively debated the aviation strategy following the termination of the talks with Etihad on the creation of a joint venture.
6. At its meeting on 12 September 2017, the Strategy Committee discussed the impact of the insolvency of Air Berlin on our current business and future implications for our aviation strategy.

INTEGRATION COMMITTEE

The Integration Committee was established by the Supervisory Board for a period of two years after the completion of the merger between TUI Travel PLC and TUI AG (until December 2016). Its task was to advise and oversee the Executive Board during the integration process required after the merger.

Members of the Integration Committee:

- Prof. Klaus Mangold (Chairman)
- Sir Michael Hodgkinson (Deputy Chairman)
- Prof. Edgar Ernst
- Valerie Gooding
- Frank Jakobi
- Coline McConville

At its only meeting in the period under review, which was also its last, held on 6 December 2016, the Committee discussed the final report on the integration process and the post-merger synergies. Overall, the Committee has rendered a valuable contribution to the delivery of the synergies and the success of cultural integration.

CORPORATE GOVERNANCE

Due to the primary quotation of the TUI AG share on the London Stock Exchange and the constitution of the Company as a German stock corporation, the Supervisory Board naturally also regularly and comprehensively deals with the recommendations of German and British corporate governance. Apart from the mandatory observance of the rules of the German Stock Corporation Act (AktG), German Industrial Co-Determination Act (MitbestG), the Listing Rules and the Disclosure and Transparency Rules, TUI AG had announced in the framework of the merger that the Company was going to observe both the German Corporate Governance Code (DCGK) and – as far as practicable – the UK Corporate Governance Code (UK GCG).

For the DCGK – conceptually founded, inter alia, on the German Stock Corporation Act – we issued an unqualified declaration of compliance for 2017 pursuant to section 161 of the German Stock Corporation Act, together with the Executive Board. By contrast, there are some deviations from the UK CGC due for the most part to the different concepts underlying a one-tier management system for a public listed company in the UK (one-tier board) and the two-tier management system comprised of Executive Board and Supervisory Board in a stock corporation based on German law.

More detailed information on corporate governance, the declaration of compliance for 2017 pursuant to section 161 of the German Stock Corporation Act and the declaration on the UK CGC is provided in the Corporate Governance Report in the present Annual Report, prepared by the Executive Board and the Supervisory Board (page 99), as well as on TUI AG's website.

Conflicts of interest

In the period under review, the Supervisory Board continuously monitored the occurrence of conflicts of interest. In the framework of the transactions requiring its consent, the Supervisory Board approved, at its meeting on 12 May 2017, the granting of a guarantee by TUI AG as third-party security for Togebi Holdings Limited ('TUI Russia') before a court in Turkey to initiate a lawsuit. TUI Russia is indirectly controlled by Alexey Mordashov. Mr Mordashov is a member of the Supervisory Board and abstained from voting in order to avoid a conflict of interest.

Audit of the annual and consolidated financial statements of TUI AG and the Group

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, audited the annual financial statements of TUI AG prepared in accordance with the provisions of the German Commercial Code (HGB), as well as the joint management report of TUI AG and TUI Group, and the consolidated financial statements for the 2017 financial year prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS), and issued their unqualified audit certificate. The above documents, the Executive Board's proposal for the use of the net profit available for distribution and the audit reports by the auditors had been submitted in good time to all members of the Supervisory Board. They were discussed in detail at the Audit Committee meeting of 11 December 2017 and the Supervisory Board meeting of 12 December 2017, convened to discuss the annual financial statements, where the Executive Board provided comprehensive explanations of these statements. At those meetings, the Chairman of the Audit Committee and the auditors reported on the audit findings, having determined the key audit areas for the financial year under review beforehand with the Audit Committee. Neither the auditors nor the Audit Committee identified any weaknesses in the early risk detection and internal control system. On the basis of our own review of the annual financial statements of TUI AG and TUI Group and the joint management report, we did not have any grounds for objections and therefore concur with the Executive Board's evaluation

of the situation of TUI AG and TUI Group. Upon the recommendation of the Audit Committee, we approve the annual financial statements for financial year 2017; the annual financial statements of TUI AG are thereby adopted. We comprehensively discussed the proposal for the appropriation of profits with the Executive Board and approved the proposal in the light of the current and expected future financial position of the Group.

Executive Board, Supervisory Board and committee membership

The composition of the Executive Board and Supervisory Board as at 30 September 2017 is presented in the tables on pages 100–101 for the Supervisory Board and page 102 for the Executive Board.

In financial year 2017, the composition of the boards did not change.

At the meeting on 7 December 2016, Frank Rosenberger was appointed to the Executive Board with effect from 1 January 2017 for a period of three years.

At the meeting on 12 May 2017, the appointment of Sebastian Ebel as an Executive Board member was extended by three years to 30 November 2020.

In addition, the Supervisory Board extended the appointments of David Burling and Dr Elke Eller. After the extensions became effective on 12 December 2017, David Burling is now appointed until 31 May 2021 and Dr Elke Eller is appointed until 14 October 2021.

Word of thanks

The Supervisory Board warmly thanks the Executive Board, the managers and all employees for their contribution to the very successful financial year 2017.

Hanover, 12 December 2017

On behalf of the Supervisory Board

Prof. Klaus Mangold
Chairman of the Supervisory Board