

German Stock Corporation Act (AktG) on Corporate Governance within the company. As far as the shareholder side of the Supervisory Board is concerned, the Nomination Committee ensures that the binding and voluntary targets for the composition of the Supervisory Board are met. As part of regularly conducted efficiency audits, the Supervisory Board also undertakes a self-evaluation process, which includes aspects of its composition.

RESULTS ACHIEVED IN FINANCIAL YEAR 2018

In the current financial year, no changes have been made to the diversity concept or the composition of the Supervisory Board. In accordance with the recommendation in point 5.4.1 (2) of the German Corporate Governance Code (version dated 7 February 2017) the Supervisory Board in its resolution of 14 September 2017 issued a competency profile for the composition of the board as a whole.

Since his election to the Supervisory Board at the 2018 Annual General Meeting, Dr Dieter Zetsche has made a very valuable contribution to the diversity of the Supervisory Board thanks to his extensive international experience and his extensive experience in the management of a major global corporation. From the point of view of the Supervisory Board, there is currently no further need for action in relation to diversity. On the shareholder side, both genders are equally represented, (50:50), and in terms of the board as whole, the proportion of women of 35 % is in excess of the statutory quota. With six different nationalities represented on

the Supervisory Board, its composition can be described as international. The diversity of professional and educational backgrounds of the individual members of the board is also evident from the yearly updated CVs of Supervisory Board members published on the corporate website.

Compliance / Anti-corruption and anti-bribery

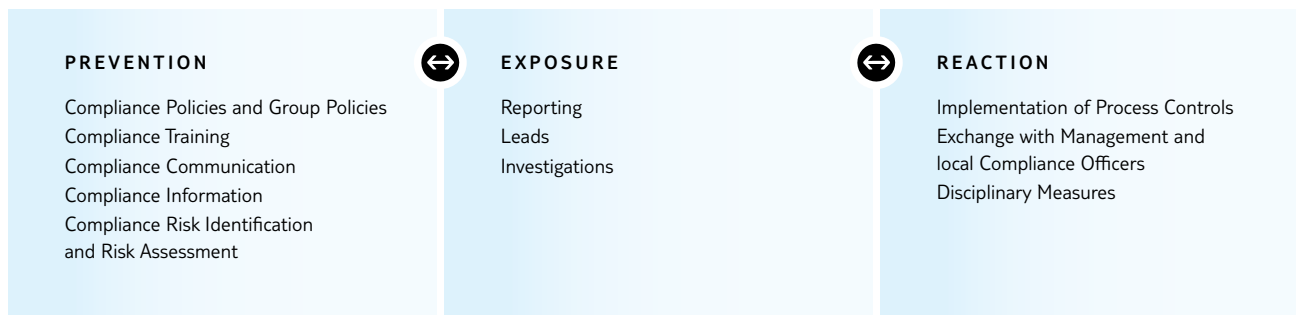
TUI Group's Compliance Management System is a fundamental component in our commitment to entrepreneurial, environmental and socially responsible operations and management. It forms an indispensable part of TUI Group's corporate culture and our corporate governance activities.

The strategic goal of TUI Group's Compliance Management System is to prevent misconduct and avoid liability risks for the Company, its legal representatives, executives and employees and protect the reputation of the Company.

COMPLIANCE MANAGEMENT SYSTEM

TUI Group's Compliance Management System is based on a risk management approach and is built around three pillars: prevention, discovery and response, which, in turn, comprise a large number of internal measures and processes.

Compliance Management Processes



TUI Group's Compliance Management System focuses on the legal sub-areas anti-corruption, competition and anti-trust law, data protection and export controls. It defines the related pilot and standard operation of the Compliance Management System and the documentation of the roles, responsibilities and processes in these areas.

The Compliance Management System applies to TUI AG and all German and foreign companies in which TUI AG directly or indirectly holds an interest of more than 50 % as well as other stakes directly or indirectly controlled by TUI AG ('managed Group companies'). Implementation of the Compliance Management System is recom-

mended for investments not controlled by TUI AG ('non-managed Group companies'). The Compliance Management System has been designed to meet the requirements of Auditing Standard PS 980 of the German Institute of Auditors.

COMPLIANCE STRUCTURE

TUI Group's Compliance structure supports those responsible in their task of communicating values and rules and anchoring them in the Group. It ensures that Compliance requirements are implemented throughout the Group in different countries and cultures. TUI Group's decentralised Compliance structure includes Head Compliance Officers, whose role is to implement and support the

requirements of Group Legal Compliance. Under the aegis of the Chief Legal Compliance Officer, Group Legal Compliance works with the decentralised Compliance Officers to perform the following tasks at different management levels:

- Raising awareness of Compliance and the technical issues allocated to Legal Compliance
- Achieving the goals of the Code of Conduct and the Compliance Rules
- Providing training
- Advising managers and employees
- Securing the necessary exchange of information
- Monitoring plans for national and international legislation
- Providing regular quarterly reports to the Board and annual reports to the Audit Committee of the Supervisory Board

In addition, the Group has a Compliance Committee headed by the CFO and consisting of the HR Director, the Heads of Group External Affairs and Communications, the Chief Legal Compliance Officer, Group Audit and representatives of the Group Works Council and the TUI Europe Forum. The committee meets on a regular basis as well as ad hoc in order to monitor implementation of the Compliance Management System and obtain reports about key indicators in this area.

COMPLIANCE CULTURE

The Compliance culture forms the basis for an appropriate, effective Compliance Management System. It reflects management's fundamental attitude and conduct and the role of the supervisory body. It is expressed in our corporate value 'Trusted', appealing to our employees' personal responsibility and their honesty and sincerity in handling customers, stakeholders and employees.

CODE OF CONDUCT / SUPPLIERS' CODE OF CONDUCT

The Code of Conduct, drawn up for the entire TUI Group, is a further embodiment of our Compliance culture and enshrines guiding principles for everyone to follow, from the Board members, executives and senior management to every Group employee. It defines minimum standards for our employees to follow in their everyday work and in conflict situations. TUI's Code of Conduct covers anti-corruption, avoiding conflicts of interest and handling invitations and gifts appropriately.

The Suppliers' Code of Conduct forms the counterpart to TUI's Code of Conduct. It details our ethical, social and legal expectations of our business partners.

Moreover, all business partners are required by contract to observe all national and international anti-corruption laws applicable to the supplier relationship. This places our business relationship with our partners on a solid legal and social basis.

COMPLIANCE RULES

In addition, the principles set out in the Code of Conduct are detailed in various policies and rules reflecting the legal requirements. This is supported by our Group-wide policy management, developing the standards for Group-wide policies and coordinating incorporation of the relevant internal stakeholder groups, e.g. other departments and the works council. This approach is designed to provide TUI Group with a set of policies which are as complete and comprehensible as possible without seeking overregulation. TUI Group's Compliance Rules offer guidance on appropriate conduct regarding gifts and invitations, data protection and compliance with trade sanctions. All groups of employees have thus been acquainted with policies of relevance to their everyday work.

COMPLIANCE RISK ANALYSIS

In the financial year under review, the Compliance Programme focused on various issues including data protection, protecting free and fair competition, anti-corruption measures and the handling of trade sanctions. A software is used, in particular for the above topics, to facilitate risk identification based on self-disclosure by TUI Group companies, with risks evaluated according to likelihood of occurrence and potential damage (including reputational damage). The results of the self-assessment are discussed with the companies affected and are included in a Group-wide risk evaluation process. The results of the compliance risk identification process are used to derive corresponding risk-minimising measures, which are included in the annual plan of Group Legal Compliance and agreed with the relevant bodies. Monitoring of the implementation of the measures is automated.

Risk analysis and prevention also includes the annual survey among 1,189 legal representatives and executives of TUI Group to identify potential conflicts of interest. Through the survey they have to provide information on any interests held in TUI Group competitors or key business partners as well as other issues of relevance to Compliance. The survey carried out in the financial year under review was completed by 100% of the respondents. No indications were found suggesting that there were any conflicts of interests.

EU GENERAL DATA PROTECTION REGULATION (GDPR)

With the EU GDPR taking effect on 25 May 2018, data protection, which was already a key priority for TUI Group, was stepped up in the financial year under review. Many measures were initiated both at Group level and in local companies, e.g. the structured coordination of all specialist data protection functions within the Company and the appointment of Data Protection Officers in nearly all relevant TUI Group companies (data protection governance). One of the key measures was the roll-out of online training on data protection in TUI Group companies from June 2018. By the end of FY 2018, 78% of the target employees had completed the training. The training is still being carried out in some parts of the organisation.

COMPLIANCE TRAINING

Compliance training is a key element of TUI's Compliance Management System, with its focus on preventing misconduct, and a crucial component of TUI Group's Compliance culture. It is carried out according to a graded concept: managers and staff at TUI have all benefited from face-to-face teaching and online programmes. This enables all our executives and employees to acquaint themselves with Compliance and the underlying corporate values, regardless of their position in the company hierarchy and their geographical location. In the completed financial year, the training programme for new employees and risk groups was extended to include new concepts and allow for harmonisation. In addition, TUI companies and sectors offered training schemes with their own specific focus, e.g. anti-corruption, competition law or the appropriate handling of gifts and invitations, to raise awareness of the challenges they might face.

WHISTLEBLOWER SYSTEM

In agreement with various stakeholder groups TUI offers its managers and employees a Group-wide whistleblower system to enable serious infringements of laws or of the corporate values anchored in TUI's Code of Conduct to be reported anonymously and without reprisals. This whistleblowing system is currently available to staff in 53 countries. All reports are followed up in the interests of all stakeholders and the Company. Our top priority is to ensure confidentiality and handle information discreetly. In FY 2018, a communication campaign was carried out to remind employees of the existing whistleblower system. Any incidents resulting from the use of the whistleblower system are reviewed by Group Legal Compliance in conjunction with Group Audit. Infringements are fully investigated in the interests of all our staff and the Company itself.

In the completed financial year, a total of 70 reports were received through the SpeakUp Line. Apart from the SpeakUp Line, employees also used the opportunity to directly report infringements to their

line managers, the Compliance contact in charge or the Compliance Mailbox. A further 13 reports were received through these channels. They were followed up whenever there were any indications suggesting potential infringements of internal policies or the law. Out of the 83 reports submitted in total, 24 cases initially presented prima facie indications of a Compliance infringement, leading to further investigations which in four cases resulted in disciplinary measures, culminating where appropriate in terminations of employment contracts.

In the financial year under review, there were no infringements of a severe nature that would have given rise to a publication.

BUSINESS PARTNER SCREENING (DUE DILIGENCE)

The risk analysis carried out by Compliance shows that there is a risk of active and passive corruption because we operate in countries with a high corruption index. Moreover, the risk of TUI business partners being subject to trade sanctions or similar listing cannot be ruled out.

Group Legal Compliance therefore performs software-based screenings of selected business partners at regular intervals. The process involves checking the names of business partners against international sanctions, terrorist and wanted persons lists. In the event of a match, we launch a range of measures, in extreme cases terminating the business relationship.

In FY 2018, we used this process to check 11,286 business partners against Compliance criteria. The screening software initially flagged 9,697 of these business partners as potential 'hits' as their names were identical with or similar to names included in sanctions lists. These potential 'hits' were then further investigated. In nine cases, the business organisation cooperating with the business partners in question were briefed about the results of the review, enabling them to implement further security measures.