

REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

Following four very successful financial years with double-digit growth rates, TUI started into the completed financial year with great confidence. However, the year brought a number of unexpected challenges.

On the one hand, bookings slowed down unexpectedly at the beginning of 2019 following the hottest summer in a century recorded in 2018. In combination with a weak pound sterling as a result of the Brexit announcement as well as shifts in demand for destinations, this led to a first update in our earnings guidance. Shortly afterwards, at the end of March, we had to update our guidance once again when the Boeing 737 Max was grounded following the tragic accidents.

However, these events have also shown that TUI had taken the right strategic decisions and consistently implemented these decisions with the first strategy realignment since the merger between TUI AG and TUI Travel PLC. The transformation from a pure tour operator to an integrated tourism group that invests in, develops and operates hotels, cruises and holiday experiences secured the resilience of our business model. This year in particular, against the backdrop of recent events, we realised just how much stability we had gained as a result of this first transformation.

In the completed financial year, we continued to expand our operations in excursions and activities with the Musement platform, consistently developed our hotel portfolio and expanded our cruise ship fleet. In parallel, we supported the Executive Board throughout the sale of the French airline Corsair and the specialist tour operators Berge & Meer and Boomerang, approving the Group's strategy of focusing on our core activities. The Supervisory Board will now continue to support the Executive Board in actively shaping the second phase of our transformation towards a digital and platform company. We will continue to provide constructive support but remain critical and challenge our executives. We will definitely not rest on our past achievements. The permanent change we have undergone in recent years, in particular, has confirmed our view that this change is a crucial basis for our success.

After all, it is already emerging that the new financial year will bring challenges of its own. We cannot yet draw any firm conclusions about the return to service of Boeing 737 Max jets, and it is not clear, either, what will happen around a potential Brexit. On the other hand, we can also see opportunities arising from the market

exit of our competitor Thomas Cook, and we are planning to seize these opportunities.

In terms of governance, the Supervisory Board will address the implementation of the second Shareholder Rights Directive (SRD II) and the amendments to the German Corporate Governance Code as well as the new UK Corporate Governance Code in the new financial year. We will continue to comply with the latter as far as practically possible. We had already considered these developments and forthcoming changes in the completed financial year and believe we are already well positioned to tackle the matter.

We also look back on changes in the composition of our Supervisory Board in FY 2019.

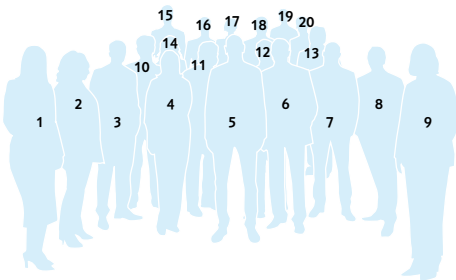
At the Annual General Meeting held in February 2019, Carmen Riu Güell's son Juan Trián Riu was elected to the Supervisory Board after she stepped down from this body as announced. We are delighted that Juan Trián Riu, a finance expert familiar with the structure and functioning of the hotel business, has joined the Supervisory Board. Although we already bid farewell to Carmen Riu Güell at the Annual General Meeting, I would like to use this opportunity to thank her very warmly once again for her committed work on the Supervisory Board over fourteen years.

In May 2019, my predecessor, Prof. Klaus Mangold, also stepped down from the Supervisory Board after nineteen years as a member, including eight years as its Chairman. To the end, Prof. Mangold energetically maintained his unwavering commitment and support, initially for the merger and subsequently for TUI's transformation as an integrated tourism group. As a convinced European, he played a crucial role in uniting the different cultures within TUI and forging them into a single, global player, alongside his commitment to securing TUI's economic success. TUI will drive the transformation process further on the basis of these foundations. We would like to thank him very warmly and wish him all the best for his future.

After Prof. Mangold stepped down in May, and with the support of the Supervisory Board, the Executive Board filed an application for the appointment of Vladimir Lukin by court order. Mr Lukin was subsequently appointed as a Supervisory Board member by court order on 5 June 2019. Mr Lukin had already been a member of our Supervisory Board from February 2014 until the completion of the merger between TUI AG and TUI Travel PLC in December 2014.



The Supervisory Board of TUI AG at its meeting at head office in Hanover on 11 September 2019



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|----|--------------------------------|----|-----------------------|
| 1 | Janis Carol Kong | 11 | Ortwin Strubelt |
| 2 | Coline Lucille McConville | 12 | Vladimir Lukin |
| 3 | Andreas Barczewski | 13 | Wolfgang Flintermann |
| 4 | Valerie Frances Gooding | 14 | Anette Stempel |
| 5 | Dr Dieter Zetsche (Chairman) | 15 | Dr Dierk Hirschel |
| 6 | Alexey Mordashov | 16 | Peter Bremme |
| 7 | Joan Trián Riu | 17 | Carola Schwirn |
| 8 | Frank Jakobi (Deputy Chairman) | 18 | Prof. Edgar Ernst |
| 9 | Angelika Gifford | 19 | Mag. Stefan Weinhofer |
| 10 | Peter Long (Deputy Chairman) | 20 | Michael Pönipp |

He is a valuable member of our Board, above all thanks to his financial expertise and operational insights.

Cooperation between the Supervisory Board and the Executive 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 FY 2019, as required by the law, the Articles of Association and its 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 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 regularly prepared for these decisions based on documents provided in advance by the Executive Board to the Supervisory Board and its committees. We were also swiftly informed about any urgent topics arising in between the regular meetings. As Chairman of the Supervisory Board, I was also regularly informed by the Executive Board about current 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 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 four committees were in place in the completed financial year: the Presiding Committee, Audit Committee, Strategy Committee and Nomination Committee. The Mediation Committee formed pursuant to section 27 (3) of the Co-Determination Act did not have to meet. The chair of each committee provides regular and comprehensive reports about the work performed by the committee at the ordinary Supervisory Board meetings.

In FY 2019, as in prior years, we again recorded a consistently high meeting attendance despite a large number of meetings. Average attendance was 93.5 % (previous year 92.8 %) at plenary meetings and 97.3 % (previous year 85.3 %) at committee meetings. All Supervisory Board members attended significantly more than half the Supervisory Board meetings and meetings of the committees on which they sat in FY 2019. 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 Supervisory Board 2019

Attendance at meetings of Supervisory Board 2019

Name	Supervisory Board meetings	Presiding committee	Audit committee	Nomination committee	Strategy Committee
Dr Dieter Zetsche (Chairman since 23 May 2019)	9 (10)	3 (3) ¹	3 (3)		2 (2)
Frank Jakobi (Deputy Chairman)	9 (10)	7 (7)			8 (8)
Peter Long (Deputy Chairman)	9 (10)	7 (7)		2 (2)	8 (8) ¹
Andreas Barczewski	10 (10)		7 (7)		
Peter Bremme	9 (10)	7 (7)			
Prof. Edgar Ernst	9 (10)		7 (7) ¹		5 (5)
Wolfgang Flintermann	10 (10)				
Angelika Gifford	10 (10)	1 (1)			8 (8)
Valerie Frances Gooding	10 (10)				6 (8)
Dr Dierk Hirschel	10 (10)		7 (7)		
Janis Carol Kong	8 (10)		7 (7)		
Vladimir Lukin	3 (3)				
Coline Lucille McConville	10 (10)		7 (7)		
Prof. Klaus Mangold (Chairman until 23 May 2019)	7 (7)	6 (6)	3 (4)	2 (2) ²	6 (6)
Alexey Mordashov	6 (10)	6 (7)		2 (2)	8 (8)
Michael Pönipp	10 (10)		7 (7)		
Carmen Riu Güell	3 (3)	2 (4)		1 (1)	
Carola Schwirn	10 (10)				
Anette Stempel	10 (10)	7 (7)			
Ortwin Strubelt	9 (10)	7 (7)	7 (7)		
Joan Trían Riu	7 (7)				
Stefan Weinhofer	10 (10)				
Attendance at meetings in %	93.5	94.6	98.2	100.0	96.2
Attendance at Committee meetings in %	97.3				

(In brackets: number of meetings held)

¹ Chairman of Committee

² Chairman until his resignation on 23 May 2019

Key topics discussed by the Supervisory Board

The Supervisory Board held ten meetings. In addition, a resolution was adopted by circular decision. The meetings focused on the following issues:

- At its meeting on 10 October 2018, the Supervisory Board considered current business performance. The discussions also focused on Brexit. In this context, we talked in detail about any measures to be adopted by the Group in the event of a hard Brexit. Our deliberations also focused on the development of the UK Corporate Governance and its impact on TUI as well as the divestment of the French airline Corsair. We also discussed the appropriateness of Executive Board remuneration and pensions. The Supervisory Board furthermore approved the budget for FY 2019.
- At its meeting on 12 December 2018, the Supervisory Board discussed 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 attended by representatives of the auditors. The Audit Committee had already comprehensively considered these reports the previous day. Following its own review, the Supervisory Board endorsed the findings of the auditors. We then 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 2018 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 2019 and the proposals for resolutions to

- be submitted to the AGM, including the proposal to elect Joan Trián Riu as successor to Carmen Riu Güell after she stepped down from her mandate as shareholder representative on the Supervisory Board. Alongside the HR and Social Report, we received a number of other reports, including on the results of the TUIgther Pulse 2018 employee survey and on the progress of the divestment of Corsair. In the framework of Executive Board matters, we adopted the individual performance factor for each Executive Board member for the annual bonus for FY 2018. We also discussed the results of the efficiency review of the work performed by the Supervisory Board in order to identify any specific measures to be taken.
3. On 11 February 2019, the Supervisory Board comprehensively discussed the update of the earnings guidance published by the Executive Board on 6 February 2019 as well as its impact. The deliberations also focused on TUI AG's interim statements and financial report for the quarter ending 31 December 2018 and the organisation and preparation of the 2019 Annual General Meeting. We were furthermore given a report on the sales process for Corsair. Apart from an outside-in analysis of the TUI share, we turned our deliberations to the implications of Brexit for TUI.
 4. At its extraordinary meeting on 15 March 2019, held in the form of a conference call, the Supervisory Board discussed the current development and the impact of the grounding of Boeing 737 Max 8 jets, officially ordered by public authorities, on TUI Group.
 5. At a second extraordinary meeting held on 29 March 2019 to discuss the grounding of Boeing 737 Max 8 jets, the Supervisory Board deliberated on the implications resulting from the ongoing grounding. The discussions also focused on the impact of the ad hoc announcement relating to the updated earnings guidance for FY 2019, published by the Executive Board in the early morning of 29 March 2019 in connection with the grounding of the Boeing jets.
 6. On 14 May, we debated the interim report for the second quarter and the half-year financial report for the period ending 31 March 2019. We also approved the change in the business allocation plan, adjusting some areas of responsibility so as to reflect changes within the organisation. Apart from reports on the development of senior executives, the recruitment of digital talent and the development of TUI's brand image, we discussed our business performance in TUI Destination Experiences and in Hotels & Resorts. We then heard a report on the results of the efficiency review carried out in the spring and the resulting measures already implemented or scheduled for implementation.
 7. At its extraordinary meeting on 23 May 2019, the Supervisory Board discussed the Group's own airlines and the latest developments regarding Brexit. Moreover, we nominated Mr Lukin as a candidate to be proposed to the Annual General Meeting for election as a new Supervisory Board member representing shareholders to succeed Prof. Mangold. We asked the Executive Board to file an application with the relevant district court for his appointment by court order until the close of the 2020 Annual General Meeting. Furthermore, we appointed the new members for the vacancies on Supervisory Board committees that had arisen now that Prof. Mangold was stepping down, and elected Dr Zetsche as the new Chairman of the Supervisory Board.
 8. At its extraordinary meeting on 7 August 2019, the Supervisory Board discussed the planned sale of specialist tour operators Berge & Meer Touristik GmbH and Boomerang-Reisen Vermögensgesellschaft GmbH, which had already been extensively discussed by the Strategy Committee, and approved the divestments based on the Executive Board's strategic considerations.
 9. On 22 August 2019, by written circulation, the Supervisory Board approved the increase in TUI AG's capital stock for the issue of employee shares under the oneShare employee share programme for 2019 and resolved a corresponding amendment to Article 4 of the Articles of Association.
 10. On Strategy Day, 11 September 2019, during a two-day meeting, the Supervisory Board discussed the key topics relating to future-proofing and securing the competitiveness of TUI's business model. Specifically, we scrutinised the key trends in the global tourism market and TUI's positioning in this context as well as new approaches to customer segmentation. The Supervisory Board also discussed the effects of the key current challenges faced by aviation and the source markets, including the continued grounding of Boeing 737 Max jets and the political and economic uncertainty around Brexit. The meeting also examined the transformation of the TUI Destination Experiences business into a platform and with it a new, scalable business model. The Supervisory Board was able to see from the detailed analysis that this would bring an expanded offering with the associated future growth potential. We also heard a progress report on the development of the Global Distribution Network. Together with the senior managers in charge of the relevant topics, the Executive Board and Supervisory Board engaged in very constructive and open dialogue about tackling these challenges and further steps that would be required in this regard. Following the strategic topics, we deliberated on the key elements of the strategic 3-year plan. On 12 September 2019, the Supervisory Board discussed Executive Board issues and specific operational and financial scenarios and simulations relating to the grounding of the Boeing 737 Max jets. We were also updated on the status of Brexit negotiations and the impact on TUI Group's business operations. The meeting also considered the growth potential and the plans for enhancing the fleets of TUI Cruises and Marella Cruises.

11. After the Supervisory Board had been briefed about the direct repercussions of the insolvency of Thomas Cook in an informal conference call, we held an extraordinary Supervisory Board meeting on 27 September 2019 to engage once again in detailed discussions of the operational and strategic questions, in particular relating to our own business.

Apart from the ordinary and extraordinary meetings, the Supervisory Board held a number of informal conference calls, convened at short notice, in particular on 6 February 2019 immediately after the update of the earnings guidance due to the decline in bookings and on 29 March 2019 after the grounding of Boeing 737 Max 8 jets to learn about the state of play and discuss the next steps. Moreover, the Chairman of the Supervisory Board and the CEO engaged in regular dialogue about material current issues.

Presiding Committee

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

Members of the Presiding Committee:

- Dr Dieter Zetsche (member since 12 February 2019, Chairman since 23 May 2019)
- Peter Bremme
- Angelika Gifford (since 23 May 2019)
- Carmen Riu Güell (until 12 February 2019)
- Frank Jakobi
- Peter Long
- Prof. Klaus Mangold (until the close of the Supervisory Board meeting on 23 May 2019; until then, also Chairman of the Presiding Committee)
- Alexey Mordashov
- Anette Stempel
- Ortwin Strubelt

1. At its meeting on 10 October 2018, the Presiding Committee discussed Executive Board issues, including deliberations on various topics related to Executive Board remuneration for the completed financial year and the current financial year. The Committee also discussed the preliminary findings from the 2018 TUlgether Pulse employee survey and follow-up measures.
2. At its extraordinary meeting on 26 November 2018, the Presiding Committee further discussed the individual performance factors for the annual bonus of the Executive Board members for FY 2018 and drew up a recommendation on the determination of these factors for the Supervisory Board. We also discussed the definition of individual whole Board and stakeholder targets for the Executive Board members in relation to the annual performance bonus for FY 2019.

3. On 11 December 2018, the Presiding Committee discussed Executive Board matters. In that context, it adopted the final definition of the individual whole Board and stakeholder targets for the Executive Board members for FY 2019, which were then submitted to the Supervisory Board in the form of a recommendation for a resolution.

4. At its meeting on 11 February 2019, the Presiding Committee discussed the divestment of Corsair. It also deliberated on the future composition of the Supervisory Board and its committees against the backdrop of Ms Riu stepping down from the Supervisory Board and on a potential extension of the appointment and service contract of Mr Rosenberger.

5. At its meeting on 14 May 2019, the Presiding Committee adopted resolutions for a recommendation to the Supervisory Board on candidates to fill the vacancies on the Supervisory Board and its committees resulting from Prof. Mangold's departure from the Supervisory Board.

6. At its extraordinary meeting on 23 May 2019, the Presiding Committee primarily focused on the future composition of the Supervisory Board committees.

7. On 10 September 2019, the Presiding Committee first prepared the subsequent Strategy Meeting of the Supervisory Board. The Presiding Committee then decided to recommend to the Supervisory Board that the appointment of Mr Rosenberger be extended and that a corresponding supplemental agreement be concluded. After this the Committee discussed an initial proposal for changes to the current remuneration system for Executive Board members, caused by the current Executive Board remuneration forecast. The Committee also discussed amendments to the business allocation plan for the Executive Board driven by internal shifts in responsibilities.

AUDIT COMMITTEE

Members of the Audit Committee:

- Prof. Edgar Ernst (Chairman)
- Andreas Barczewski
- Dr Dierk Hirschel
- Janis Kong
- Prof. Klaus Mangold (until 23 May 2019)
- Coline McConville
- Michael Pönipp
- Ortwin Strubelt
- Dr Dieter Zetsche (since 23 May 2019)

The Audit Committee held seven ordinary meetings in the financial year under review. For the tasks of the Audit Committee and the advisory and resolution-related issues it discussed, we refer to the comprehensive Audit Committee Report on page 22.

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:

- Dr Dieter Zetsche (Chairman since 23 May 2019)
- Carmen Riu Güell (until 12 February 2019)
- Peter Long
- Prof. Klaus Mangold (until the close of the Supervisory Board meeting on 23 May 2019; until then Chairman of the Audit Committee)
- Alexey Mordashov

1. At its meeting on 11 December 2018, the Nomination Committee adopted a resolution to recommend to the 2019 Annual General Meeting that Joan Trían Riu be elected to TUI AG's Supervisory Board as successor to Carmen Riu Güell. Carmen Riu Güell had stepped down from her mandate as of the close of the Annual General Meeting held on 12 February 2019.
2. At its meeting on 13 May 2019, the Nomination Committee adopted a resolution to recommend to the Supervisory Board that it nominate a (shareholder representative) member to be appointed by court to succeed Prof. Mangold.

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 eight times in the financial year under review. In the financial year under review, Prof. Ernst and Dr Zetsche were both elected as members of the Strategy Committee, with Dr Zetsche taking over after Prof. Mangold had stepped down.

The members of the Strategy Committee:

- Peter Long (Chairman)
- Angelika Gifford
- Valerie Gooding
- Frank Jakobi
- Prof. Edgar Ernst (since 12 December 2018)
- Prof. Klaus Mangold (until 23 May 2019)
- Alexey Mordashov
- Dr Dieter Zetsche (since 23 May 2019)

1. At its meeting on 9 October 2018, the Committee discussed the Group's M&A strategy and the opportunities of data analytics for target group-specific usage.
2. At its extraordinary meeting held on 30 November 2018, the Committee discussed future alignment in selected source markets.
3. On 11 December 2018, the Committee again deliberated on the Group's M&A strategy and the opportunities of target group-specific usage of data analytics. The discussions also focused on the further development of the TUI brand.

4. At its meeting on 11 February 2019, the Committee continued its discussions on data analytics opportunities for target group-specific usage. Debate also centred around the further development potential for the business model and a divestment transaction for the Group.
5. At its meeting on 13 May 2019, the Strategy Committee discussed strategic and operational growth initiatives in selected source markets and the Group's own airlines as well as the impact of the grounding of Boeing 737 Max 8 jets.
6. At its extraordinary meeting on 23 May 2019, the deliberations again focused on selected source markets and the Group's own airlines.
7. At its extraordinary meeting on 8 July 2019, the Strategy Committee discussed TUI AG's capital structure, selected source markets and the Group's own airlines.
8. At its meeting on 10 September 2019, the Committee discussed the hotel business strategy based on customer segmentation and the future positioning of the brand portfolio. The Committee then debated the transformation of the business model and the required IT investments.

CORPORATE GOVERNANCE

Due to the primary quotation of the TUI AG share on the London Stock Exchange and the constitution of TUI AG as a German stock corporation, the Supervisory Board naturally grants regular and very careful consideration to the recommendations around German and British corporate governance. Apart from the mandatory observance of the rules of the German Stock Corporation Act (AktG), the 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 CGC).

For the DCGK – conceptually founded, inter alia, on the German Stock Corporation Act – we issued an unqualified declaration of compliance for 2019 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 (two-tier board).

More detailed information on corporate governance, the declaration of compliance for 2019 pursuant to section 161 of the German Stock Corporation Act and the declaration on the UK CGC is provided in the present Annual Report in the Corporate Governance Report jointly prepared by the Executive Board and the Supervisory Board (page 117), as well as on TUI AG's website.

Conflicts of interest

In the period under review, the Supervisory Board continuously monitored for conflicts of interest and found that no conflict of interest occurred in FY 2019.

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

The Supervisory Board reviewed the annual and consolidated financial statements and the financial reporting to establish whether they were in line with applicable requirements. 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 combined management report of TUI AG and TUI Group, and the consolidated financial statements for FY 2019 prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS), and issued their unqualified audit opinion. The above documents, the Executive Board's proposal for the appropriation 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 on 10 December 2019 and the Supervisory Board meeting on 11 December 2019, 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 combined 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 FY 2019; 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 and Supervisory Board

The composition of the Executive Board and Supervisory Board as at 30 September 2019 is shown in the lists on page 114 for the Supervisory Board and page 116 for the Executive Board.

SUPERVISORY BOARD

Upon the close of the 2019 Annual General Meeting, Carmen Riu Güell stepped down from the Supervisory Board. At the same AGM, Joan Trían Riu was elected to serve on TUI AG's Supervisory Board for a term of five years. Moreover, Prof. Klaus Mangold stepped down from the Supervisory Board upon the close of its extraordinary meeting on 23 May 2019. By court appointment of 5 June 2019, Vladimir Lukin was appointed as a member of the Supervisory Board. As announced in the Executive Board's application for appointment by court order, the Executive Board and the Supervisory Board intend to submit a proposal to the 2020 AGM to elect Vladimir Lukin as a Supervisory Board member.

PRESIDING COMMITTEE

Carmen Riu Güell stepped down from the Supervisory Board and thus also the Presiding Committee with effect from the close of the 2019 Annual General Meeting. The Supervisory Board elected Dr Dieter Zetsche as the fourth shareholder representative on the Presiding Committee. When Prof. Mangold stepped down, Dr Zetsche was elected as Chairman of the Supervisory Board and therefore also as Chairman of the Presiding Committee. Moreover, Angelika Gifford was elected as a shareholder representative to the Presiding Committee on 23 May 2019.

NOMINATION COMMITTEE

Carmen Riu Güell likewise stepped down from the Nomination Committee upon the close of the 2019 Annual General Meeting. The Supervisory Board elected Dr Dieter Zetsche as a member of the Nomination Committee to replace Prof. Mangold after his departure. Dr Zetsche has also become Chairman of the Nomination Committee. In line with the Terms of Reference, the Supervisory Board dispensed with the appointment of a fourth member to the Committee.

EXECUTIVE BOARD

On 1 October 2018, Birgit Conix was appointed CFO, as planned, to succeed Horst Baier, who had stepped down from the Executive Board upon the close of 30 September 2018.

Word of thanks

The Supervisory Board thanks all TUI Group employees for their day-to-day dedication, which contributed substantially to TUI's successful positioning in a very challenging financial year.

Hanover, 11 December 2019

On behalf of the Supervisory Board



Dr Dieter Zetsche
Chairman of the Supervisory Board