

# CORPORATE GOVERNANCE REPORT

## Statement on Corporate Governance (as part of the Management Report)

The actions of TUI AG's management and oversight bodies are determined by the principles of good and responsible corporate governance.

The Executive Board and the Supervisory Board discussed Corporate Governance issues in financial year 2021. In this chapter, the Executive Board provides – also for the Supervisory Board – the report on Corporate Governance in the Company pursuant to Principle 22 of the German Corporate Governance Code in the version dated 16 December 2019 (DCGK) and section 289a of the German Commercial Code (HGB) as well as Disclosure and Transparency Rule (DTR) 7.2 and Listing Rule (LR) 9.8.7R.

### Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (AktG)

As a stock corporation company under German law, TUI AG's Executive Board and Supervisory Board are obliged to submit a declaration of compliance with the DCGK pursuant to section 161 of the German Stock Corporation Act.

[www.dcgk.de/en/code.html](http://www.dcgk.de/en/code.html)

#### WORDING OF THE DECLARATION OF COMPLIANCE FOR 2021

'In accordance with section 161 of the German Stock Corporation Act, the Executive Board and Supervisory Board hereby declare:

Since the last declaration of compliance was submitted in September 2021, the recommendations of the German Corporate Governance Code in its applicable version have been and will be with the exception of several Recommendations in Section G.1.3. observed.

#### RECOMMENDATIONS FOR DETERMINING THE VARIABLE REMUNERATION COMPONENTS (SECTION G.1.3.)

In the framework of the stabilisation measures agreed with the Economic Stabilisation Fund, restrictions were agreed for TUI AG regarding the remuneration of Executive Board members. These restrictions lead to the situation that the members of the Executive Board will not be granted and thus will not be constituted variable or comparable remuneration during the stabilisation measures. In this respect, Recommendations G.6 (Share of variable remuneration resulting from long-term and short-term targets), G.7 (Determination of performance

criteria for all variable remuneration components), G.9 sentence 1 (Determination of the amount of variable remuneration to be granted) and G.11 sentence 1 (Consideration of extraordinary developments for variable remuneration) are void and as a precautionary measure, a deviation from these recommendations is declared.'

Place of publication:

[www.tuigroup.com/en-en/investors/corporate-governance](http://www.tuigroup.com/en-en/investors/corporate-governance)

### Declaration of Compliance pursuant to DTR 7.2 and LR 9.8.7R

As an overseas company with a premium listing on the London Stock Exchange, TUI AG's Executive Board and Supervisory Board are obliged pursuant to No. 7.2 DTR and LR 9.8.7R to make a statement on the application of the UK Corporate Governance Code (UK CGC). Since the German Corporate Governance Code also applies to TUI AG as a stock corporation under German law, TUI AG had announced at the time of its merger with TUI Travel PLC that it would also comply with the UK CGC to the extent practicable.

<https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF>

In many respects, the requirements of the DCGK and the UK Code are similar. However, there are certain aspects that are not compatible, which are explained below. Therefore some deviations from Code requirements and best practice in the UK have been necessary.

Under the German Stock Corporation Act, the legislation applicable to TUI AG, a two-tier board system is mandatory (see below section 'Functioning of the Executive and Supervisory Board' on page 113). The two-tier board structure is different to the UK unitary board structure on which the UK Code is based. Some of the principles of composition and operation of the boards of a German stock corporation also differ from those of a UK company (for example, there is no Company Secretary). For this reason, the Executive Board and the Supervisory Board have set out below in which areas the UK Code is not complied with and explained the reasons for the deviations. In addition, the Executive Board and the Supervisory Board have also explained those instances where they consider TUI AG not to be compliant with the UK Code in the literal sense but where it lives up to the spirit and meaning of the respective regulation.

Sub-headings refer to sections of the UK Code for ease of reference for investors.

## WORDING OF THE UK CORPORATE GOVERNANCE STATEMENT 2021

'Executive Board and Supervisory Board declare pursuant to DTR 7.2 and LR 9.8.7R:

Throughout the reporting period, TUI AG has complied with the provisions of the UK Code in the version of July 2018, including its main principles, except as set out and explained below.'

Place of publication:

[www.tuigroup.com/en-en/investors/corporate-governance](http://www.tuigroup.com/en-en/investors/corporate-governance)

### DIALOGUE WITH SHAREHOLDERS (PROVISION 3)

It is still not widespread practice in German companies for committee chairs to make themselves available for meetings with shareholders. The German Corporate Governance Code stipulates in the Suggestion A.3 that the Chairman of the Supervisory Board should be available – within reasonable limits – to discuss Supervisory Board-related issues with investors.

The table below provides an overview of all appointments of the Executive Board with shareholders, in some of which also employees of Investor Relations participated.

#### Dialogue with shareholders

| Date           | Meeting   | Participants |
|----------------|---|--------------|
| December 2020  | Financial year 2020 Results Presentation                            | FJ, BC, SE   |
|                | virtual Roadshow UK   | FJ, BC, SE   |
| January 2021   | EGM (virtual)   | FJ, SE       |
|                | virtual Deal Roadshows  | FJ, SE       |
|                | virtual Commerzbank German Investment Seminar                       | SE           |
|                | virtual UniCredit/Kepler Cheuvreux 20th German Corporate Conference | SE           |
| February 2021  | FY21 Q1 Results Presentation (virtual)                              | FJ, SE       |
| March 2021     | AGM (virtual)   | FJ, SE       |
| May 2021       | FY21 H1 Results Presentation  | FJ, SE       |
|                | virtual Roadshow London   | FJ, SE       |
|                | virtual Roadshow Frankfurt/Zurich                                   | FJ, SE       |
|                | virtual Roadshow Paris  | SE           |
| June 2021      | virtual dbAccess Berlin Conference                                  | SE           |
| August 2021    | FY21 Q3 Results Presentation  | FJ, SE       |
|                | Stifel 5th Transportation Conference                                | SE           |
| September 2021 | Commerzbank virtual Sector Conference                               | SE           |
|                | Berenberg & Goldman Sachs virtual German Corporate Conference       | SE           |
|                | Bernstein virtual Strategic Decision Conference                     | FJ, SE       |

Key: Friedrich Jousen (FJ), Birgit Conix (BC), Sebastian Ebel (SE)

The Supervisory Board receives feedback from the Chairman and Executive Board members following meetings with major shareholders or investors. Additionally, a monthly Investor Relations Report and event-driven assessments of brokers are forwarded to the Executive Board and the Supervisory Board. They contain updates on the share price development, analyses of the shareholder structure as well as purchases and sales of shares and feedback and assessments from investors. The Executive Board and the Supervisory Board consider that TUI AG lives up to the spirit and meaning of the UK Code.

### INDEPENDENCE OF SUPERVISORY BOARD MEMBERS (PROVISION 10)

Under the UK Code, the Board must identify in the annual report each non-executive director it considers to be 'independent' for the purposes of the UK Code. Based on the responsibilities assigned to the Supervisory Board by the German Stock Corporation Act, the members of the Supervisory Board are considered to be non-executive directors for the purposes of the UK Code. Under the UK Code, persons are 'independent' if they are independent in character and judgement and if there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. TUI AG does not, however, extend its independence disclosures to its 10 employee representatives on the Supervisory Board (for a detailed explanation of shareholder and employee representatives and the underlying considerations, please see below).

The Supervisory Board has determined that five of its nine shareholder representatives (the Chairman is not taken into account according to the UK Code) are independent for the purposes of the UK Code. The shareholder representatives considered to be independent are: Ms Ingrid-Helen Arnold, Prof. Dr Edgar Ernst, Ms María Garaña Corces, Ms Janina Kugel and Ms Coline McConville. Additionally, the Chairman, Dr Dieter Zetsche, was independent on election in 2019 and is still considered independent (Dr Dieter Zetsche also was independent when he was elected to the Supervisory Board in February 2018).

Prof. Dr Ernst has been a member of the Supervisory Board of TUI AG since 9 February 2011. According to the UK Code, it is an indication of a lack of independence if a member has been on the supervisory board for more than nine years; according to the DCGK, it is an indication of a lack of independence from the management board and the company if a member has been on the supervisory board for more than twelve years. In view of this, the shareholder representatives on the Supervisory Board have taken a close look at how they assess Prof. Dr Ernst's independence. In particular in view of Prof. Dr Ernst's professional career, the shareholder representatives have come to the conclusion that Prof. Dr Ernst – also taking into account his membership on the Supervisory Board of TUI AG of over ten years – provides the necessary critical distance from the Executive Board and the Company and therefore consider him to be independent. Prof. Dr Ernst has exhibited his critical distance from the Executive Board and the Company in the past, especially in his position as Chairman of the Audit Committee.

The members of the Supervisory Board not considered to be independent for the purposes of the UK Code are Dr Jutta Dönges, Mr Vladimir Lukin, Mr Alexey Mordashov, and Mr Joan Trían Riu.

In reaching its determination, the Supervisory Board has considered, in particular, the factors set out below.

#### SHAREHOLDER AND EMPLOYEE REPRESENTATIVES

The Supervisory Board of TUI AG consists of ten members who are elected by shareholders at AGM (the 'Shareholder Representatives') and ten members who represent the employees of TUI AG (the 'Employee Representatives'). This differs from UK practice where only those board members representing major shareholders are typically referred to as 'Shareholder Representatives' and are not considered independent under the UK Code because of their link to a significant shareholder.

At TUI AG, the shareholder representative Mr Joan Trián Riu (Riu Hotels, approx. 3.55 % of the voting rights) is linked to a major shareholder. Mr Alexey Mordashov notified us on 21 June 2019 that his share in the total voting rights in TUI AG had fallen to zero. At the same time, the company was informed that the corresponding approx. 32 % of the voting rights are held via Unifirm Ltd. controlled by KN-Holding LLC and that Mr Mordashov indirectly holds 35 % of the shares in Unifirm Ltd. Unifirm Ltd. is considered a controlling shareholder under the UK Listing Rules Appendix 1 (see also the following section). There is also a joint venture between TUI AG and Riu Hotels S. A. Dr Jutta Dönges is Managing Director of the Finance Agency GmbH of the Federal Republic of Germany. On 4 January 2021, TUI AG entered into Framework Agreement with the Economic Stabilisation Fund (WSF) represented by Finance Agency GmbH regarding the WSF's entry into the silent participations and the further measures under the stabilisation package. Dr Dönges was nominated by the WSF for membership of the Supervisory Board of TUI AG. Mr Vladimir Lukin is a Special Advisor to the CEO of OOO Severgroup and is therefore associated with Mr Mordashov. Therefore, neither Dr Dönges, Mr Mordashov, Mr Lukin nor Mr Trián Riu are considered independent for the purposes of the UK Code.

On 15 December 2020, TUI AG and Unifirm Ltd. entered into a Relationship Agreement which has been in effect since Unifirm Ltd. holds 30 % or more of the shares in the company and is therefore deemed to be a controlling shareholder within the meaning of LR Appendix 1. The main purpose of the Relationship Agreement is to ensure that the company and its subsidiaries are able to conduct their business independently. In this context, pursuant to LR 9.8.4 (14), the Executive Board and the Supervisory Board declare that TUI AG complies with the requirements of the Listing Rules with regard to the controlling shareholder and that, as far as TUI AG is aware, Unifirm Ltd. both complies with these requirements itself and ensures that its affiliates comply with them.

Seven of the ten employee representatives of the Supervisory Board are elected by the employees of TUI Group entitled to vote. Three employee representatives are nominated by a German trade union.

Under the UK Code, directors who are or have been employees of the Group in the last five years or who participate in the Group's pension arrangements would generally not be considered independent. In the UK, directors with an employment relationship are normally current or former executives. By contrast, under German law, employee representatives of the Supervisory Board must be employees of the Group, and must be elected by the employees without any involvement of the Executive or Supervisory Boards. Furthermore, the employment contract of employee representatives may only be terminated in exceptional cases.

The employee representatives may also participate in Group pension schemes as is normal for employees and in their capacity as employees.

Trade union representatives are nominated, and employed by the trade union but are still classified as employee representatives. They can only be removed from the Supervisory Board by their respective union and neither the Executive nor the Supervisory Board has any role in their appointment or removal.

#### HALF THE BOARD SHOULD BE INDEPENDENT NON-EXECUTIVE DIRECTORS (PROVISION 11)

As mentioned above, TUI AG's Supervisory Board consists of ten employee and ten shareholder representatives. As the employee representatives are not considered independent under the UK Code, TUI AG's Supervisory Board comprises five (excluding the Chairman of the Supervisory Board) independent shareholder representatives.

#### IDENTIFICATION OF SENIOR INDEPENDENT DIRECTOR (PROVISION 12)

Under German law and the DCGK, there is no concept of a 'Senior Independent Director'. Instead, shareholders may raise any issues at the Annual General Meeting (AGM). In this forum, the Executive Board and the Chairman of the Supervisory Board are available to address any issues and are legally obliged to provide adequate responses.

Outside the AGM, shareholders may approach the Executive Board, in particular the CEO or the CFO, or, for topics relating to Supervisory Board matters, the Chairman of the Supervisory Board or his Deputy. Mr Frank Jakobi, as employee representative, is Deputy Chairman in accordance with the German Co-Determination Act.

#### DIVISION OF RESPONSIBILITIES – CHAIRMAN & CHIEF EXECUTIVE (PROVISION 14)

The separation of the roles of the Chairman of the Supervisory Board (Dr Dieter Zetsche) and the CEO (Mr Friedrich Jousen) is clearly defined under German law as part of the two-tier board structure. Therefore, no further division of their responsibilities as well as responsibilities of the Executive Board and the Supervisory Board is required or even possible. In addition, the division of responsibilities within the Executive Board and the Supervisory Board as well as its committees also results directly from legislation and the respective terms of reference. Therefore, the Executive Board and the Supervisory Board consider that TUI AG lives up to the spirit and meaning of the UK Code.

#### ADVICE AND SERVICE OF THE COMPANY SECRETARY (PROVISION 16)

There is no specific role of Company Secretary in German companies. However, Executive and Supervisory Board members have access to the Board Office of TUI AG if they need any advice on all governance matters or other services. The Board Office acts as an interface in corporate matters for the Executive and Supervisory Board members and is responsible for ensuring that the requisite processes and procedures are in place governing all Executive and Supervisory Board meetings (i.e. preparation of agendas, minuting of meetings and ensuring compliance with German and UK law, as appropriate, and with recommendations for corporate governance). The Board Office also supports the Chairman of the Supervisory Board, the CEO,

the CFO and the Chairmen of the Audit and the Strategy Committees. Executive and Supervisory Board members also have access to legal advice via the Group Director Legal, Compliance & Board Office and via the Board Office. The Supervisory Board can also approach the Executive Board directly for specific advice on any matters. Accordingly, the Executive Board and the Supervisory Board consider that TUI AG lives up to the spirit and meaning of the UK Code.

#### **NOMINATION COMMITTEE – COMPOSITION AND RESPONSIBILITIES (PROVISION 17)**

The role of the Nomination Committee in a typical UK company is fulfilled in TUI AG by two Committees of the Supervisory Board:

Under the Terms of Reference for the Supervisory Board and its Committees (which are equivalent to the Terms of Reference of a British corporation) the Nomination Committee considers and proposes suitable candidates as shareholder representatives to the Supervisory Board for its election proposals to the AGM. The Presiding Committee determines the requirements and remuneration for any new appointments to the Executive Board and recommends suitable candidates to the Supervisory Board. On that basis, the Supervisory Board appoints Executive Board members. This approach is different from the UK where all director appointments are approved by shareholders at the AGM. Succession planning for management levels below Executive Board is carried out by the Executive Board.

However, as is common practice in Germany, at each AGM shareholders are asked to decide whether they approve the actions of the Executive Board and Supervisory Board members during the past financial year. Since the AGM 2015, in the light of UK practice, TUI AG has changed its procedure to allow a separate vote on each individual Executive Board and Supervisory Board member, as it is customary in the UK.

TUI AG intends to continue this practice. Accordingly, the Supervisory Board considers that TUI AG lives up to the spirit and meaning of the UK Code to the extent practicable.

#### **ANNUAL RE-ELECTION BY SHAREHOLDERS AT THE AGM (PROVISION 18)**

None of the Executive or Supervisory Board members is re-elected annually. However, as noted above, in light of the UK Code and UK best practice, TUI AG voluntarily puts individual resolutions approving the actions of each Executive and Supervisory Board member to the AGM resolving on the annual financial statements for the previous year. TUI AG intends to continue this practice.

The end of appointment periods for Supervisory Board members are disclosed in the table from page 105.

→ [Current curricula vitae of all Executive and Supervisory Board members are published at \[www.tuigroup.com/en-en/investors/corporate-governance\]\(http://www.tuigroup.com/en-en/investors/corporate-governance\).](http://www.tuigroup.com/en-en/investors/corporate-governance)

#### **BOARD PERFORMANCE EVALUATION (PRINCIPLE L AND PROVISION 21)**

The performance of each individual Executive Board member is evaluated annually by the Supervisory Board for the annual performance-based remuneration. In this context, the Supervisory Board also reviews the individual member's overall performance as part of the Executive Board. However, no external performance evaluation is done for the Executive Board.

It is not customary to conduct annual reviews of the Supervisory Board's efficiency. Each Supervisory Board member can give feedback to the Chairman, the Deputy Chairman or the Supervisory Board as a whole as and when appropriate or required.

External evaluation, which includes the work of the Chairman of the Supervisory Board, is performed by means of individual interviews and anonymous reviews. Executive Board members are invited to contribute to the process. Consolidated results are shared with the entire Supervisory Board and appropriate actions are suggested and discussed as appropriate. The last external review of the Supervisory Board was undertaken in 2015 by Board Consultants International. Board Consultants International has no other connection with TUI AG. Due to the forthcoming change in the chairmanship of the Supervisory Board, an internal efficiency audit was conducted at the end of 2018, which was accompanied by a notary of GÖHMANN Rechtsanwälte und Notare to ensure anonymity. At its last meeting on 12 September 2019, the Supervisory Board, now chaired by Dr Dieter Zetsche, dealt with the measures derived from the results of the efficiency audit. Due to the change in the chairmanship of the Supervisory Board, no efficiency review was planned for 2019. Rather, the Supervisory Board concentrated on implementing the measures derived from the efficiency review. The Supervisory Board discussed this issue and decided to return to the subject of external efficiency audits in 2020, after an appropriate number of meetings had been held under the chairmanship of Dr Dieter Zetsche. Due to the COVID-19 pandemic, the efficiency audit (currently under the DCGK self-assessment) was conducted internally at the end of September 2020. The Presiding Committee and the Supervisory Board have subsequently dealt with the results and derived measures from them. These primarily concern the work of the Supervisory Board, the organisation of the meetings and the main topics the Supervisory Board would like to deal with in more detail.

#### **NOMINATION COMMITTEE – SECTION IN THE ANNUAL REPORT (PROVISION 23)**

For the activities of the Nomination Committee, see page 16 which is part of the Chairman's letter to shareholders. The succession planning approach is outlined on page 112. The policy on diversity and inclusion can be found on page 116. For evaluation of the performance of the board, see above.

#### COMPOSITION OF THE AUDIT COMMITTEE (PROVISION 24)

Neither German law nor the German Corporate Governance Code stipulates that the Chairman of the Supervisory Board should not be a member of the audit committee and that the audit committee may only consist of independent members. The audit committee consists of Dr Zetsche as Chairman of the Supervisory Board, Dr Dönges and Mr Lukin, who are not considered to be independent. TUI AG therefore does not fully meet the requirements of the UK CGC, but is of the opinion that the current composition of the audit committee ensures reliable work based on experience.

#### FAIR, BALANCED AND UNDERSTANDABLE ANNUAL REPORT & ACCOUNTS (PROVISION 27)

In a German stock corporation the Executive Board is responsible for drafting the Annual Report & Accounts (ARA). According to section 243 (2) of the German Commercial Act (HGB) the ARA must be clearly arranged and should present a realistic picture of the Company's economic situation. This is equivalent to the UK Code requirement for the ARA to be fair, balanced and understandable. Although this assessment has not been delegated to the Audit Committee, the Executive Board is convinced that this ARA satisfies both requirements.

#### ESTABLISHED AND OPERATION OF REMUNERATION COMMITTEE (PROVISION 32, 34 AND 41)

In the German governance structure there is no separate Remuneration Committee. The remuneration of the Executive Board is under involvement of the employee representatives monitored and agreed by the Supervisory Board based on recommendations from the Presiding Committee, which is governed by the Supervisory Board Terms of Reference.

The remuneration of the members of the Supervisory Board and the members of the Supervisory Board Committees is governed by the Articles of Association as resolved on by the shareholders at the AGM.

See the Directors' Remuneration Report from page 121 for full details on Executive and Supervisory Board member's remuneration and our website.

[+ www.tuigroup.com/en-en/investors/corporate-governance](https://www.tuigroup.com/en-en/investors/corporate-governance)

#### POLICY FOR POST-EMPLOYMENT SHAREHOLDING REQUIREMENTS (PROVISION 36)

Neither German law nor the German Corporate Governance Code requires the company to implement a policy for post-employment shareholding requirements. According to the remuneration system approved by the Annual General Meeting in 2021, no policy is provided for post-employment shareholding requirements.

#### NOTICE PERIODS FOR EXECUTIVE DIRECTORS (PROVISION 39)

In accordance with the customary practice in Germany members of the Executive Board are generally appointed for a term of three to five years. The appointments of respective members of the Executive Board was extended by three years in financial year 2020. This is not yet fully in line with the UK CGC recommendation that notice periods or contract terms should be set at one year or less. However, the contracts include maximum limits on the amounts payable on termination.

[→ See Remuneration Report from page 128.](#)

## Further information on Corporate Governance

#### FUNCTIONING OF THE EXECUTIVE AND SUPERVISORY BOARDS

TUI AG is a company under German law. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board in charge of managing the company and the Supervisory Board in charge of monitoring the company. TUI AG's Executive Board and Supervisory Board cooperate closely and in a spirit of trust in managing and overseeing the Company, with strict separation between the two bodies in terms of their membership and competences. Both bodies are obliged to ensure the continued existence of the Company and sustainable creation of added value in harmony with the principles of the social market economy.

TUI AG's Executive Board comprised six members as at the closing date 30 September 2021. The Executive Board is responsible for managing the Company's business operations in the interests of the Company. The Executive Board works on the basis of terms of reference issued by the Supervisory Board. The allocation of functions and responsibilities to individual Board members is presented in a separate section.

[→ For functions, see tables 'Supervisory Board and Executive Board' on page 105.](#)

In accordance with the law and the Articles of Association, the Supervisory Board had 20 members at the balance sheet date, i.e. 30 September 2021. As the oversight body, the Supervisory Board provided on-going advice and supervision for the Executive Board in managing the Company in financial year 2021, as required by the law, the Articles of Association and its own Terms of Reference. The Supervisory Board is involved in strategic and planning decisions and all decisions of fundamental importance to the Company. When the Executive Board takes decisions on major transactions, such as the annual budget, major acquisitions or divestments, it is required by its terms of reference to seek the approval of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and represents the concerns of the body externally. The Supervisory Board and the Audit Committee have adopted terms of reference for their own work. The Terms of Reference of the Supervisory Board are available on the company's website.

[→ For further details, please refer to the Report of the Supervisory Board on page 11.](#)

TUI AG has taken out a D&O insurance policy for all members of the Executive Board and Supervisory Board, providing for a deductible for Executive Board members in accordance with the statutory requirements of the German Stock Corporation Act. The deductible amounts to 10% of the loss up to the amount of one and a half times the fixed annual compensation.

#### **COMPOSITION OF THE SUPERVISORY BOARD**

TUI AG falls within the scope of the German Industrial Co-Determination Act (MitbestG). The Supervisory Board is therefore composed of an equal number of shareholder representatives and employee representative. 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.

The composition of the Supervisory Board in financial year 2021 ensured that its members as a group had the knowledge, ability and expert experience required to properly complete their tasks. The goals set by the Supervisory Board itself for its composition include in particular comprehensive industry knowledge, at least five independent shareholder representatives, at least five members with international experience, and diversity (see also the diversity concepts for the Supervisory Board and the Executive Board from page 116 of this report).

Twelve members of the Supervisory Board had considerable international experience. Due to the different professional experiences of its members, the composition of the Supervisory Board overall reflects a great diversity of relevant experience, ability and industry knowhow. Six shareholder representatives are independent (including the Chairman of the Supervisory Board, who can be included in the count according to the German Corporate Governance Code). The six independent members from the Company and its Executive Board were Ms Ingrid-Helen Arnold, Prof. Dr Edgar Ernst, Ms María Garaña Corces, Ms Janina Kugel, Ms Coline McConville and Dr Dieter Zetsche. Furthermore, TUI AG has no controlling shareholder within the meaning of the German Corporate Governance Code.

The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties and they receive support in this respect from the company. The company regularly informs its members about current changes in the legislation as well as about relevant topics relating to the company and corporate governance. As part of the preparation for the capital increase, all members of the Supervisory Board received a training on the rights and obligations in connection with their membership on the Supervisory Board of a public limited company. The training was conducted by an external renowned law firm. Furthermore, at the meeting in September 2021, the members were informed about the legal changes introduced with the entry into force of the Financial Market Integrity Strengthening Act (FISG). New members of the Supervisory Board are given the opportunity to be introduced in detail to key issues of the Supervisory Board as part of the onboarding programme. In addition, they have meetings with members of the Executive Board in order to receive further information on their respective areas of responsibility.

#### **CONFLICTS OF INTEREST**

Executive and Supervisory Board members are bound to observe the TUI AG's best interests. In addition, Executive Board members are subject to comprehensive non-compete clauses throughout the duration of their appointment. In the completed financial year 2021, there were no conflicts of interest requiring disclosure to the Chairmen of the Supervisory Board or the Executive Board. None of the Executive Board or Supervisory Board members has a board role or a consultancy contract with one of TUI's competitors.

In accordance with the Framework Agreement that the Company entered into with the WSF dated 4 January 2021, the WSF was involved in the selection of the candidates Dr Jutta Dönges and Ms Janina Kugel for the Supervisory Board as the Framework Agreement provides for the obligation of the Executive Board and the Supervisory Board, to the extent legally permissible, to endeavour to procure that two persons nominated by the WSF will become members of the Supervisory Board. Other than that, no current member of the Executive Board has been appointed, and no member of the Supervisory Board has been elected, pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others. There are no family relationships between any current members of the Executive Board or Supervisory Board.

#### **SPECIFICATIONS PURSUANT TO SECTIONS 76 (4), 111 (5) OF THE GERMAN STOCK CORPORATION ACT**

At least 30 % of the Supervisory Board members were women and at least 30 % were men at the balance sheet date. The Supervisory Board was therefore compliant with section 96 (2) sentence 1 of the German Stock Corporation Act. Neither the shareholder nor the employee representatives of the Supervisory Board have objected with regard to overall compliance in accordance with section 96 (2) sentence 2 of the German Stock Corporation Act.

In a resolution dated 15 September 2020, the Supervisory Board extended the target of one woman in the Executive Board until 30 September 2023 in accordance with section 111 (5) of the German Stock Corporation Act. This target was achieved in the reporting period with the membership of Dr Elke Eller and her subsequent replacement by Ms Sybille Reiss from 1 July 2021.

In turn, the Executive Board resolved, in keeping with section 76 (4) of the German Stock Corporation Act, that women should account for 25 % of executives at the level immediately below the Executive Board and 30 % at the level below this. Both targets should be reached by 30 September 2023. For this reason, TUI AG has implemented various measures over the past years aimed at increasing the proportion of women on a long-term and sustainable basis. This includes, among other things, the promotion of women in talent programmes and specifically addressing them in the recruitment process. In addition, at least one woman should always be on the shortlist in the recruitment process for positions in the Senior Leadership Team. Despite all the measures taken, the suitability and qualification of candidates for filling vacant positions are still of primary importance. With the proportion of women of 24 % at the first management level below the Executive Board, we have almost reached the target of 25 %. At the second management level below the Executive Board, the proportion of women was increased from 22 % to 24 %, so we are gradually moving towards the target of 30 %.

#### **SHAREHOLDERS AND ANNUAL GENERAL MEETING**

TUI AG shareholders exercise their co-determination and monitoring rights at the Annual General Meeting, which takes place at least once a year. The AGM takes decisions on all statutory matters, and these are binding on all shareholders and the Company. For voting on resolutions, each share confers one vote.

All shareholders registering in due time are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the AGM in person are entitled to have their voting rights exercised by a bank,

a shareholder association, one of the representatives provided by TUI AG and acting on the shareholders' behalf in accordance with their instructions, or some other proxy of their own choosing. Shareholders also have the opportunity of authorising the representative provided by TUI AG via the web in the run-up to the AGM. Shareholders can, moreover, register for electronic dispatch of the AGM documents.

The invitation to the AGM and the reports and information required for voting are published in accordance with the provisions of the German Stock Corporation Act and provided in German and English on TUI AG's website. During the AGM, the presentations by the chairman of the Supervisory Board and the Executive Board members can be followed live over the Internet.

#### **STATEMENT PURSUANT TO PROVISION 4 UK CGC**

At the Annual General Meeting of TUI AG on 25 March 2021 the resolution approving the re-election of Mr Alexey Mordashov to the Supervisory Board of the Company (Resolution 8.4) received 75.61 % votes in favour and 24.39 % votes against (with 0.67 % of votes withheld and so not counted). As more than 20 % of the votes cast were against the resolution the Company has sought to understand the reasons for this, as required by the UK CGC.

Based on consultations with both shareholders and proxy advisors, the Company believes the main reason for the level of votes cast against the resolution was shareholders following their own proxy guidelines and/or the recommendation of certain proxy advisors to vote against the resolution. The Company believes this recommendation was based on the number of non-independent members of the Supervisory Board. Mr Mordashov is considered non-independent under the UK CGC as a result of his connection to Unifirm Ltd., which is the Company's largest shareholder currently holding approximately 32 % of the Company's total issued share capital.

The Company believes that Mr Mordashov has been an effective member of the Supervisory Board and will continue to be so for the remainder of his term in office. In this respect, the Company also notes that at the 2021 AGM a resolution to approve the actions of Mr Mordashov as a member of the Supervisory Board for the financial year ended 30 September 2020 (Resolution 3.17) received 99.65 % votes in favour and 0.35 % votes against (with 19.09 % of votes withheld and so not counted). The Company further notes that Unifirm Ltd. has been a supportive shareholder for the Company during the COVID-19 pandemic, including making a material additional investment in the Company.

As a consequence of the Company's view of why more than 20 % of the votes were cast against the resolution approving the re-election of Mr Mordashov to the Supervisory Board, the Company does not believe it is necessary or appropriate to take any additional action.

#### **RISK MANAGEMENT**

Good corporate governance entails the responsible handling of commercial risks. The Executive Board of TUI AG and the management of the TUI Group have comprehensive general and company-specific reporting and monitoring systems available to identify, assess and manage these risks. These systems are continually developed, adjusted to match changes in overall conditions and reviewed by the auditors. The Executive Board

regularly informs the Supervisory Board about existing risks and changes to these risks. The Audit Committee deals in particular with monitoring the accounting process, including reporting, the effectiveness of the internal control and risk management systems and the internal auditing system, compliance and audit of the annual financial statements.

More detailed information about risk management in the TUI Group is presented in the Risk Report. It also contains the report on the accounting-related internal control and risk management system required in accordance with the German Commercial Code (sections 289 (5), 315 (2) no. 5 HGB).

[→ Risk Report see page 35.](#)

#### **TRANSPARENCY**

TUI provides immediate, regular and up-to-date information about the Group's economic situation and new developments to capital market participants and the interested public. The Annual Report and the Interim Reports are published within the applicable timeframes. The Company publishes press releases and ad hoc announcements, if required, on topical events and any new developments. Moreover, the company website at [www.tuigroup.com](http://www.tuigroup.com) provides comprehensive information on TUI Group and the TUI share.

The scheduled dates for the principal regular events and publications – such as the AGM, Annual Report and Interim Reports – are set out in a financial calendar. The calendar is published well in advance and made permanently accessible to the public on TUI AG's website.

#### **DIRECTORS' DEALINGS**

The Company was informed by Mr David Burling, Mr Sebastian Ebel, Dr Elke Eller, Mr Stefan Heinemann, Mr Friedrich Jousen, Mr Peter Krueger, Mr Peter Long, Mr Alexey Mordashov (via Unifirm Limited), and Dr Dieter Zetsche of notifiable purchase and sale transactions of TUI AG shares or related financial instruments by directors (directors' dealings or managers' transactions) concerning financial year 2021. Details are provided on the Company's website.

Purchase and sales transactions by members of the boards are governed by the Group Manual Share Dealings by Restricted Persons, approved by the Executive Board and the Supervisory Board, alongside corresponding statutory provisions. The Group Manual Share Dealings by Restricted Persons stipulates above all an obligation to receive a clearance to deal for transactions with TUI AG's financial instruments.

#### **ACCOUNTING AND AUDITING**

TUI AG prepares its consolidated financial statements and consolidated interim financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The statutory annual financial statements of TUI AG, which form the basis for the dividend payment, are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared by the Executive Board, audited by the auditors and approved by the Supervisory Board. The interim report is discussed between the Audit Committee and the Executive

Board prior to publication. The consolidated financial statements and the financial statements of TUI AG were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, the auditors elected by the 2021 Annual General Meeting. The audit was based on German auditing rules, taking account of the generally accepted auditing standards issued by the German Auditors' Institute as well as the International Standards on Auditing. It also covered the risk detection system. A review pursuant to Listing Rule 9.8.10 R (1) and (2) was carried out.

→ See audit opinion by the auditors on page 249.

The condensed consolidated interim financial statement and management report as of 31 March 2021 was reviewed by the auditors. In addition, a contractual agreement was concluded with the auditors to the effect that the auditors will immediately inform the Supervisory Board or the audit committee about all findings and issues of importance for its tasks which come to the knowledge of the auditors during the performance of the audit. Furthermore, it was agreed with the auditors that they inform the Supervisory Board or the audit committee and note in the audit report if during the performance of the audit, any facts were identified that indicate an inaccuracy in the Declaration of Compliance regarding the recommendations of the DCGK issued by the Executive Board and Supervisory Board. There were no grounds to provide such information in the framework of the audit of financial year 2021.

#### ENGAGEMENT WITH OUR STAKEHOLDERS

Under the UK CGC, TUI AG is required to provide information on how it complies with the requirements of section 172 of the Companies Act 2006, including how it takes into account the interests of key stakeholders in discussions and decisions.

The Company considers key stakeholders to be customers, employees, shareholders and other financial stakeholders, suppliers and Non-governmental organisations.

Further details on how the company engages with particular stakeholders can be found on the following pages of this Annual Report:

- Customers – see page 26
- Employees – see page 84
- Shareholders and other financial stakeholders – see pages 100 and 155 ff.
- Suppliers – see page 119
- Non-governmental organisations – see page 80

### Diversity concepts for the composition of the Executive Board and Supervisory Boards

#### DIVERSITY CONCEPT FOR THE COMPOSITION OF THE EXECUTIVE BOARD

The diversity concept for the composition of the Executive Board takes into account the following diversity aspects:

- (a) Age:  
As a rule, the employment contracts of members of the Executive Board end once the standard retirement age for statutory retirement insurance has been reached (currently 67).
- (b) Gender:  
The Executive Board should include one woman.
- (c) Educational/professional background  
The necessity for a variety of educational and professional backgrounds already arises from the obligation to manage the company in accordance with the law, the company's articles of association and its terms of reference. In addition, the Executive Board as a whole, through its individual members, should possess the following essential background qualities:
  - management experience, some of which ideally has been acquired abroad, and intercultural competence for successful management and motivation of global teams;
  - in-depth practical experience in stakeholder dialogue (i. e. with managers and employees, including their representative bodies, with shareholders and the public);
  - experience in IT management and an understanding of digitalisation of vertically integrated value chains;
  - profound experience in value-driven, KPI-based strategy development and implementation and corporate governance;
  - profound knowledge of the intricacies and requirements of the capital market (shareholder management);
  - knowledge of accounting and financial management (controlling, financing);
  - in-depth understanding of and experience with change management.

#### GOALS OF THE DIVERSITY CONCEPT FOR THE COMPOSITION OF THE EXECUTIVE BOARD

The standard retirement age on the one hand enables incumbent members of the Executive Board to contribute their professional and life experience for the good of the company for as long a time as possible. On the other hand, adherence to the standard retirement age is intended to promote regular rejuvenation of the board.

Inclusion of both genders in Executive Board work is on the one hand an expression of the conviction of the Supervisory Board that mixed-gender teams lead to the same or better outcomes as teams with representation from only one gender. But it is also the logical continuation of the gender diversity measures implemented by the Executive Board within the wider company, which aim to increase the proportion of women in leadership roles. These measures are only to be applied and implemented in a credible manner if the Executive Board does not consist solely of male members ('proof of concept').

A variety of professional and educational backgrounds is necessary on the one hand to properly address the tasks and obligations of the law, the company's articles of association and its terms of reference. In addition, it is the view of the Supervisory Board that they are a guarantee of ensuring diverse perspectives on the challenges and associated approaches to overcoming them that are faced in the day-to-day work of the company. International management experience is of particular importance. Without such skill and experience with integrating, leading and motivating global teams, it is impossible to take into consideration the different cultural backgrounds of managerial staff and the workforce as a whole.

#### METHOD OF IMPLEMENTATION OF THE DIVERSITY CONCEPT FOR THE COMPOSITION OF THE EXECUTIVE BOARD

A key aspect of applying the diversity concept to the composition of the Executive Board is inclusion of the Supervisory Board within the corporate organisation, as is prescribed by law, the company's articles of association and its terms of reference. This ensures the Supervisory Board is familiar with the strategic, economic and actual situation of the company.

In its role as overseer of the management of the Executive Board, the Supervisory Board of TUI AG makes decisions on the allocation of business responsibilities within the Executive Board, appointments to the Executive Board and thus also workforce and succession planning within the Executive Board. As part of that workforce and succession planning, the Presiding Committee or the Supervisory Board itself regularly meets with the Executive Board or its members to discuss suitable internal succession candidates for Executive Board positions (emergency, medium-term and long-term scenarios). As part of these Supervisory Board and Committee meetings, or in preparation for them, members of the Supervisory Board have the opportunity to meet up with so-called high potentials within the Group in a professional and personal setting. The Presiding Committee and Supervisory Board make their own deliberations about these matters and also discuss them in the absence of the Executive Board. This includes evaluation and possible inclusion of external candidates for Executive Board positions in the selection process. In all of these deliberations, the above-mentioned diversity aspects of Executive Board appointments play a part in the decision-making of the Supervisory Board. The Supervisory Board also asks the Executive Board to report on current progress and implementation of family-friendly concepts and concrete measures for promotion of women (e.g. at least one woman on the final shortlist for any new or replacement appointments to roles within the senior leadership team).

#### RESULTS ACHIEVED IN FINANCIAL YEAR 2021

With effect from 1 July 2021, Ms Sybille Reiss as successor to Dr Elke Eller was appointed member of the Executive Board. The target set by the Supervisory Board that at least one woman should be a member of the Executive Board has thus been achieved in the reporting period. In connection with the leaving of Ms Birgit Conix from the Executive Board with effect from 31 December 2020, Mr Sebastian Ebel took over the Finance Department from 1 January 2021. In addition, the Supervisory Board appointed Mr Peter Krueger as a member of the Executive Board with effect from 1 January 2021 (see overview of the Executive Board on page 107). It is the view of the Supervisory Board that Ms Reiss, Mr Ebel and Mr Krueger among other things through their professional careers, their wide-ranging international experience and by virtue of their diverse professional histories and individual backgrounds, will contribute to the diversity of the Executive Board. For anyone interested in further information, the CVs of these and all other members of the Executive Board are available on the company website, as well as further details communicated about the appointment decisions of the Supervisory Board.

#### DIVERSITY CONCEPT FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The diversity concept for the composition of the Supervisory Board takes into account the following diversity aspects: The terms of reference of the Supervisory Board of TUI AG stipulate a standard age limit of 68 for elections to the Supervisory Board. As well as the statutory gender quota (section 96(2)(1) of the German Stock Corporation Act, (AktG) the Supervisory Board has set itself further goals in relation to

its composition. These include e.g. the kind of international character and sector experience that diverse educational and professional backgrounds provide as well as a number of independent shareholder representatives. Application of the law about the codetermination rights of employees also contributes greatly to ensuring diverse educational and professional backgrounds within the Supervisory Board of TUI AG.

#### GOALS OF THE DIVERSITY CONCEPT FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board is convinced that the diversity of its own composition sends an important signal both inside and outside the company. The age limit and standard membership term have the goal on the one hand of finding and retaining suitable candidates. Members of the board must possess sufficient professional experience and personal suitability for the position and have the necessary time available to perform the role. After familiarisation with the business model and the peculiarities of a vertically integrated company, the Supervisory Board considers the stability of board composition in the sense of continuity of corporate development to be equally important. On the other hand, the Supervisory Board should be looking at new approaches and new ideas on a regular basis, in order to further the continual development of the company and the business model. The Supervisory Board considers the age limit and standard membership term to be worthwhile instruments for achieving both goals.

Other goals in relation to composition (including international character and sector experience) reflect the demands placed on the advisory and oversight body and its role within a globally active Group of companies operating in a challenging competitive environment. Multicultural and international experience of corporate integration is equally as important for this as knowledge of the value drivers and success levers of the sector. In all of this, the effect and cultural features of the so-called stakeholder approach of a social market economy must be taken into account, which is also ensured on the Supervisory Board by the codetermination of employee representatives.

#### METHOD OF IMPLEMENTATION OF THE DIVERSITY CONCEPT FOR THE SUPERVISORY BOARD

Implementation of the goals pursued by the diversity concept is assured by the anchoring of its key components in law and in the company's terms of reference as well as the requirement for a Declaration of Compliance in accordance with section 161 of the 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 2021

In financial year 2021, 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 previous 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.

In place of Ms Gifford and Mr Long and at the proposal of the WSF and the Supervisory Board of TUI AG, Dr Jutta Dönges and Ms Janina Kugel were elected to the Supervisory Board at the 2021 AGM.

Particularly in view of the challenges still ahead, the Supervisory Board in Dr Dönges has gained an expert on investment and financing issues. Ms Kugel brings a lot of expertise as an experienced manager in human resources, especially with regard to transformation and restructuring, as well as the associated changes in working methods and culture. Additionally, Ms Tanja Viehl and Mr Mark Muratovic have been appointed to the Supervisory Board as new employee representatives with effect from the end of the 2021 AGM. Both Ms Viehl, with her experience in personnel law issues in the aviation industry, and Mr Muratovic, with his knowledge of the operational business, are valuable additions to the board. On the shareholder side, five out of ten members of the Supervisory Board are women, and the proportion of women on the board as a whole is 40%, which is in line with 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.

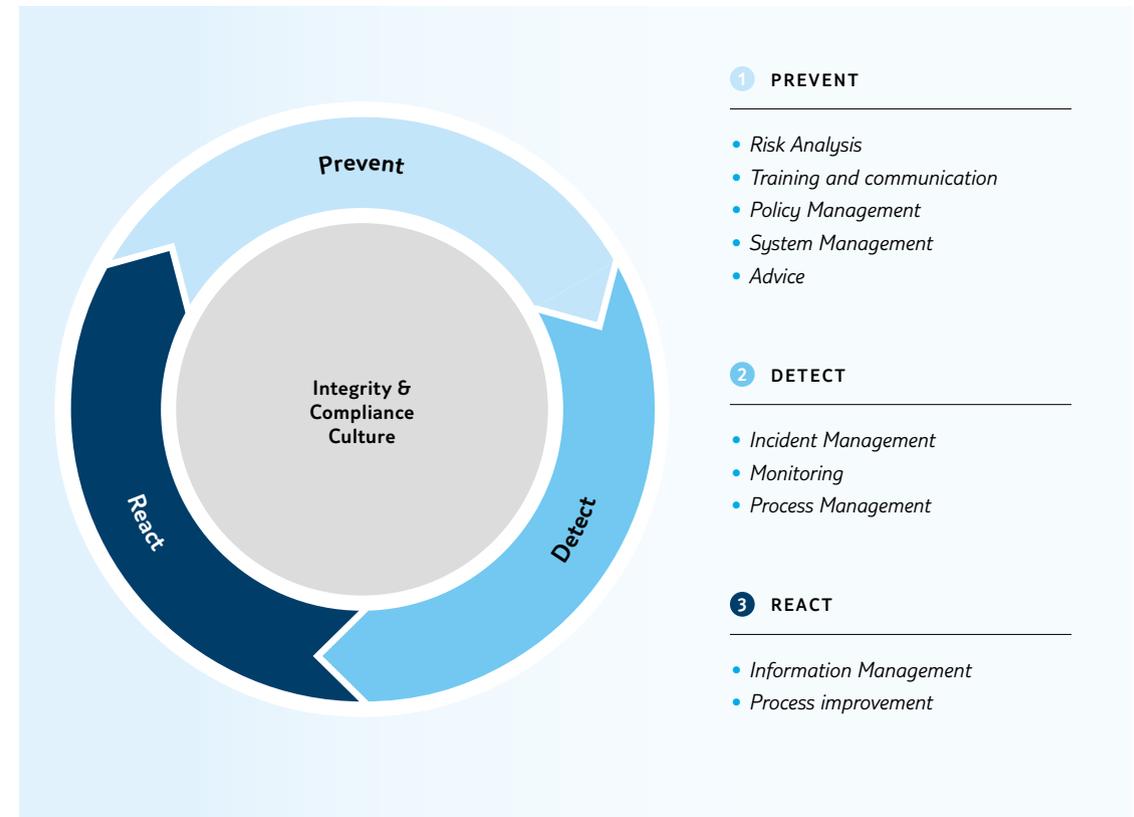
## Integrity & Compliance

### Anti-corruption and bribery

In implementing our business activities, we have to comply with many national and international laws and rules as well as internal policies. However, our understanding of Compliance goes beyond respecting laws and regulations, as we shift our Company's culture away from a purely rule-based approach towards a living culture of integrity. Behaviour violating integrity principles may not only have legal consequences, but can also result in lasting damage to the reputation of our Company. Our Compliance Management System aims to promote integrity and prevent potential misconduct, making liability risks manageable for the Company, its legal representatives, executives and employees and thereby protecting the Company's reputation. It is a fundamental component in our commitment to corporate, environmental and social responsibility in our actions.

Due to the reduced business operations in the period under review and the continuing short-time work benefit schemes, which also affected Integrity & Compliance, we have focused on activities in our core areas. To reduce the workload for our employees, training programmes were carried out on a selective basis. While everyone had to complete the Integrity Passport training, the Fair Competition training was only provided for selected employees. The development of our Compliance Management System centred on the digitalisation of existing processes to achieve a more data-driven approach to Compliance. The aim of this development process is to establish an up-to-date Compliance Management System that draws on a broad data basis to ensure that the risk management system is transparent and clear. In implementing the risk analysis, we dispensed with the customary dispatch of questionnaires so as to relieve the pressure on business units. Instead, the Compliance Officers in charge used the information available and existing data to analyse and assess the risk landscape. This process served as a test run for establishing a risk score system. This process aims to operate a single IT system where all the data required is stored and retrieved, permitting real-time analysis. Using a risk score to evaluate this data enables us to design and implement measures and processes for minimising risk in an even more targeted manner.

## TUI Compliance Management System



### COMPLIANCE MANAGEMENT SYSTEM

TUI Group's Compliance Management System is based on a risk management approach. It is built around three pillars: prevent, detect and react, which, in turn, comprise a variety of measures and processes.

The Integrity & Compliance team is in charge of the core areas anti-corruption, fair competition and trade sanctions. Our Compliance Management System defines the set-up and standard operations as well as the documentation of roles, responsibilities and processes in these areas.

The Compliance Management System applies to TUI AG and all companies majority-owned, directly or indirectly, by TUI AG, whether domestic or foreign, and of any other shareholdings, where management control directly or indirectly lies with TUI AG ('Managed Group Companies'). Implementation of the Compliance Management System is recommended for companies where management control does not lie with TUI AG ('Non-Managed Group Companies').

## **INTEGRITY & COMPLIANCE STRUCTURE**

The Chief Compliance Officer is responsible for drawing up, maintaining and developing our Compliance Management System. She is supported by the Integrity & Compliance department, forming part of Legal. In the financial year under review, the activities of this department were centralised. Rather than many part-time local Compliance Officers, responsibility now rests with a centrally managed team of full-time Compliance Officers. This structure ensures greater consistency of processes and measures as well as more efficiency. Some Compliance Officers continue to be based in the companies or the regions they cater for. All Compliance Officers are in close contact with local management, who remains generally responsible for Compliance rules, and together they are responsible for the implementation of our Compliance requirements and Integrity values, above all:

- Raising awareness of Integrity & Compliance and the associated core issues through communication campaigns (e.g. the Integrity & Compliance Advent calendar)
- Implementing a selective risk analysis relating to the core Compliance issues for selected segments (e.g. Hotels & Resorts, Markets & Airlines, TUI Musement)
- Implementing measures to ensure that we comply with our commitment to integrity in our action in line with the Integrity Passport
- Providing training on the Integrity Passport and Fair Competition
- Advising managers and employees, primarily with regard to trade sanctions, anti-corruption & anti-bribery and fair competition
- Securing the necessary exchange of information between local management and the Integrity & Compliance team
- Monitoring new national and international legislation (e.g. implementation of the EU Directive on the Protection of Persons who Report Breaches of Union Law or the requirements of the German Act on Corporate Due Diligence in Supply Chains)
- Providing regular reports to the Group Executive Committee and annual reports to the Audit Committee of the Supervisory Board

## **INTEGRITY & COMPLIANCE CULTURE**

The Integrity & Compliance culture influences people's behaviour and their views about complying with the applicable rules. It therefore forms the basis for an effective Compliance Management System. Our culture reflects our corporate values and the fundamental attitude and conduct of management all the way to the Executive Board and Supervisory Board of TUI AG, thus the 'tone from the top'. It is expressed, in particular, in our corporate value 'Trusted', appealing to our employees' personal responsibility and their honesty and sincerity in handling guests, stakeholders and fellow employees.

## **INTEGRITY PASSPORT – TUI'S CODE OF CONDUCT**

Our Integrity Passport is binding for all employees, from Executive Board members to trainees, and for all managed Group companies. The name 'Integrity Passport' signals a shift in the Company's Compliance culture: away from a purely rule-based understanding of Compliance towards a culture of integrity values. The Integrity Passport serves as the guiding principle for our Executive Board, managements, executives and employees

alike. It provides orientation in key areas of people's day-to-day work and in conflict situations: fair competition, anti-bribery and anti-corruption, appropriate gifts and hospitalities, protection of our business secrets, data privacy, handling conflicts of interest, prevention of insider trading, maintaining proper accounts and financial records, anti-money laundering, trade restrictions, respectful dealings with each other, sustainability, and public communications about TUI and how to raise a concern.

## **SUPPLIERS' CODE OF CONDUCT**

The Integrity Passport is complemented by the Suppliers' Code of Conduct, which details TUI's ethical, social and legal expectations of its 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 basis.

## **INTEGRITY & COMPLIANCE – POLICY MANAGEMENT**

The principles anchored in the Integrity Passport are communicated to and implemented in TUI Group through our policies, statements and manuals. Our Group-wide policy management develops the standards for Group-wide policies and coordinates the involvement of relevant internal stakeholder groups, e.g. other departments and the works council. This approach is designed to provide employees with a set of policies which are as comprehensible as possible. TUI Group's Compliance policies offer guidance on a range of issues, including on appropriate conduct regarding gifts and hospitality, fair competition and compliance with trade sanctions.

## **INTEGRITY & COMPLIANCE – RISK ASSESSMENT**

Conducting a risk analysis is a key element of our Compliance Management System. With digitalisation advancing at such a fast pace, it is now vital to further develop the risk analysis process and align it to the technical possibilities available. Development is focusing on the IT and data base used to assess risks. Under the previous approach, most of the information on fair competition, anti-corruption and handling trade sanctions that was required for risk analysis was compiled from a questionnaire to be completed by local management. The Compliance Department analysed that information to assess risks using likelihood of occurrence and potential damage (including reputational risks) as criteria. The assessments served to identify principal risks and to derive corresponding measures to minimise those risks. In the completed financial year, a deliberate decision was taken to dispense with sending out a questionnaire. Instead, the Compliance Officers in charge compared the existing information from past surveys with information from current data sources and from individual communications with the business owners and then scored it. This data was used, on the basis of the criteria mentioned above, to update the risk analysis. Moreover, Risk Committee meetings were held at local and Group level to identify and discuss business-specific challenges. Information and findings generated at these levels were likewise fed into the risk analysis. Reported infringements of Compliance requirements were also reflected. Where infringements had been investigated, the Compliance Officers factored in the findings and reassessed the risk in the relevant area in the light of the potential need for risk minimisation.

The annual survey among legal representatives, executives and selected employees of TUI Group to identify potential conflicts of interest is also part of the risk assessment and precautionary measure. A conflict of interests exists if the professional business judgment of an employee conflicts with his or her own interests.

In the period under review, the survey was carried out within TUI Group. In the framework of the digitalisation strategy and with a view to improving the existing process, an interface was created between the personnel management system TUI People and the Compliance Platform. As a result, the data exchanged between the systems can now be processed faster and more efficiently.

The survey was completed by 99% of those surveyed. The evaluation showed that potential conflicts of interest requiring further investigations existed for 11% of the respondents. These conflicts of interest were subsequently eliminated, approved or monitored, ensuring the required transparency.

#### **INTEGRITY & COMPLIANCE TRAINING**

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 Integrity & 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. The online training programme on the Integrity Passport, which explains integrity and the underlying corporate values, is mandatory for all employees and executives. The online training on 'Fair competition' was rolled out in individual companies and segments within TUI, and training schemes with their own specific focus were offered, e.g. on anti-corruption, competition law or the appropriate handling of gifts and hospitalities, to raise awareness of the risk-related challenges employees might face.

#### **WHISTLEBLOWER SYSTEM: SPEAKUP LINE**

TUI offers its managers and employees a Group-wide whistleblower system to enable serious infringements of laws or the policies anchored in TUI's Integrity Passport to be reported anonymously and without reprisals. This whistleblowing system is currently available to staff in 53 countries. All reports are consistently followed up in the interests of all stakeholders and the Company. Our top priority is to ensure confidentiality and handle information discreetly. Any incidents resulting from the use of the whistleblower system are reviewed and followed up by the Integrity & Compliance team, in some cases in conjunction with Group Audit Fraud.

In 2021, a total of 29 reports (in 2020 50 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, also available externally. A further 21 reports (in 2020 19 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 50 reports (in 2020 69 reports) submitted in total, 16 cases (in 2020 nine cases) initially presented prima facie indications of a Compliance infringement, leading to further investigations, which in one case (in 2020 5 cases) resulted in disciplinary measures.

#### **BUSINESS PARTNER SCREENING (DUE DILIGENCE PROCESS)**

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 be included in sanctions lists cannot be ruled out.

As part of the transformation process, a new provider for the screening of business partners was selected in the financial year under review. The selection criteria include the usability of the platform, the price structure, and the quality and scope of retrievable data. The Internet data base set up by the provider serves to check 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 the severest cases terminating the business relationship.

In addition, the existing process of risk-based business partner screening was reviewed. If a contract is to be concluded with a business partner, a guided information request has to be carried out in the Compliance Platform in order to establish whether an extended business partner screening must be implemented. The criteria used to determine the outcome include, for instance, the registered office of the business partner, the term of the contract and the value of the contract. If these process criteria identify a potential risk associated with the business partner, the next step must include checking the business partner against international sanctions, terrorist and wanted persons lists via the Internet data base provider. If the business partner gives grounds for concern, further measures must be launched, the severest being termination of the business relationship. These measures are another key component of the data-driven Compliance approach.

#### **DATA PROTECTION**

Data protection remains important for the TUI Group. We evaluate the compliance with data protection law permanently and report indicators to the Group Executive Committee. Furthermore, Risk Oversight Committee will be informed about risk connected with data protection. In addition, we have reported few data breaches in accordance with Art. 33 GDPR. However, no fines are imposed so far. Indicators measure observance of the legal time limit to respond to data access requests (2021: 99.8%; 2020: 99.9%).