

# REPORT OF THE SUPERVISORY BOARD

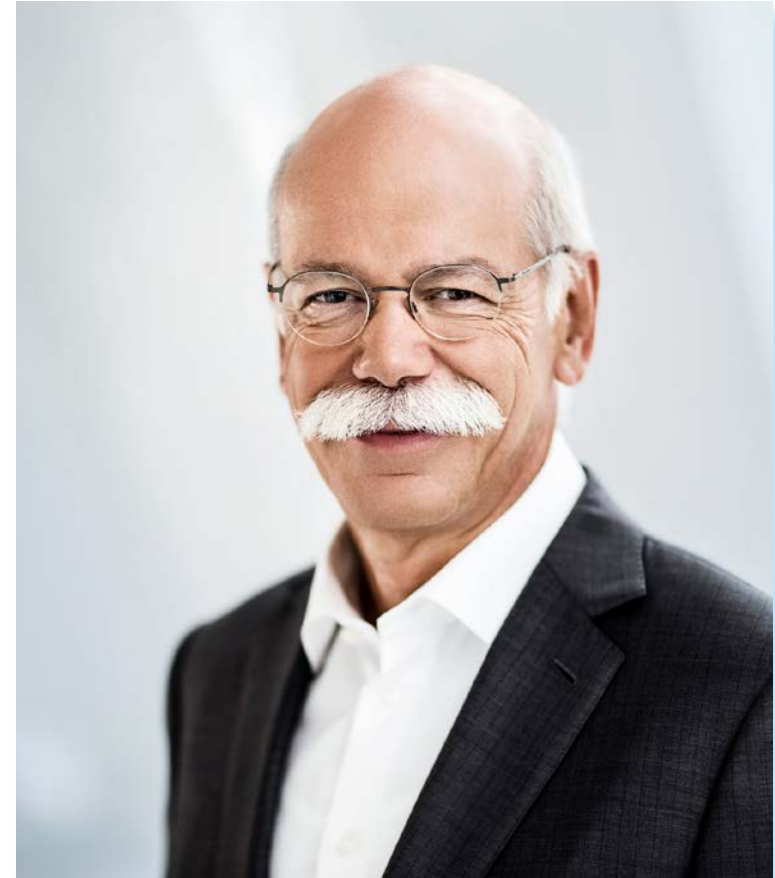
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Dear Ladies and Gentlemen,

The past financial year was marked by the effects of the COVID-19 pandemic. This brought many challenges. There were also bright spots, among other things. After the decline in the number of infections and initial relaxations, which also made travel to selected destinations possible again, had made us cautiously optimistic at the beginning of the financial year, the pandemic had us firmly in its grip again by November at the latest. The lockdown, which has been in effect since mid-December 2020, has significantly restricted public life and also brought travel to and from our key source markets and destinations to a virtual standstill once again. Large parts of Europe were declared risk areas again in autumn 2020, so that passenger traffic was severely restricted and strict testing and quarantine rules were implemented. The emergence of new virus variants as well as the bottleneck in the procurement of vaccines and the resulting delay in the start of the Europe-wide vaccination campaign has significantly dampened our expectations and hopes for the financial year at the beginning of 2021.

Even in this environment, our customers' desire to travel remained unbroken. As soon as destinations were able to reopen, bookings increased by leaps and bounds, despite testing obligations and strict hygiene measures. The best example of this was Mallorca over the Easter holidays. Our safety and hygiene concepts on the road and in the local hotels are effective and are regularly reviewed and revised. We have also revised and expanded our products and services to meet new customer needs: Flexible cancellation and rebooking options are now much more important than Last-Minute bargain prices. New offers such as workation and alternative accommodation are proving very popular. The TUI brand continues to stand for unforgettable holiday experiences, quality and safety and thus enjoys the trust of our customers. With the summer season, we were fortunately able to devote our full attention to the reopening of our hotels and the provision of flight capacity in most destinations and our ships were ready to set sail again.

However, the crisis is not over, the pandemic is not yet over and so we will closely monitor further developments in order to be able to react as flexibly as possible.



**DR DIETER ZETSCHÉ**

*Chairman of the Supervisory Board*

However, not only COVID-19, but also political events have shaped the past business year. Brexit went almost unnoticed by the public. The concrete challenges that this will bring for the operating business and our customers in our largest source market, the United Kingdom, will presumably only become fully apparent when the market environment returns to normal.

You, dear shareholders, have repeatedly demonstrated your confidence in our inherently intact and competitive business model in the past financial year. At the Extraordinary General Meeting in January 2021, you approved a substantial capital increase, thereby signalling to us that you believe in TUI's continued existence, recovery and competitiveness in a post-COVID-19 market environment and have confidence in the management. On behalf of the entire Supervisory Board, I would like to take this opportunity to express my sincere thanks to you!

The 2021 business year, however, presented not only challenges but also opportunities. We have used the pandemic-related operational standstill to drive forward the transformation into a digital platform company. The first functions are already available and the roll-out to the various source markets is progressing rapidly. For more than a year, most employees have been working almost entirely from home without any loss of efficiency or major technical difficulties. We all miss the personal exchange, of course, and that should return as soon as the situation allows. However, our working world has changed permanently and we want to take the positive effects and experiences with us into the time after the pandemic. In future, employees will be free to choose where they want to work from, TUI will merge office buildings and set up flexible workplaces through so-called desk sharing. This will make us more attractive to our employees, more flexible, more efficient and, last but not least, save us considerable costs.

We as the Supervisory Board have also adapted and got used to the new circumstances. All meetings were held digitally. Of course, we also hope that it will be possible to meet in person again. But we are now more flexible and know that the Supervisory Board has also successfully taken the path into the digital world.

## Cooperation between the Supervisory Board and the Executive Board

The Executive Board and the Supervisory Board are closely guided by the principles of responsible and good corporate governance and work together in a spirit of trust in accordance with the principles set out in the Corporate Governance Report (page 109). In doing so, the Supervisory Board has primarily monitored the legality and regularity, expediency and efficiency of the actions of the management and the Executive Board, naturally with a significant focus on managing the impacts of the COVID-19 pandemic. Further details can be found in the report below.

The Executive Board kept us regularly, promptly and comprehensively informed through written and verbal reports at and outside meetings. These reports contained all relevant information on the development and implementation of strategic goals, liquidity development, planning, business development during the year and the situation of the Group, the risk situation and risk management, compliance, but also reports from the capital markets (e.g. from analysts) and the press. In financial year 2021, the focus was primarily on overcoming the challenges in connection with the COVID-19 pandemic and thus both the structural and financial consequences of the operational standstill and the resumption of business operations. The impact of Brexit, which took place at the beginning of 2021, and the corresponding consequences, especially for the UK source market, were also the subject of discussion. The Supervisory Board was involved in all decisions of fundamental importance for the company in good time. We passed the resolutions required by law, the Articles of Association or the Rules of Procedure after thorough consultation. For this purpose, we regularly prepared ourselves on the basis of documents that the Executive Board made available to the Supervisory Board and the committees in advance. The Executive Board also informed the Supervisory Board immediately about urgent issues in writing and at extraordinary meetings convened at short notice. As Chairman of the Supervisory Board, I was also regularly informed by the Executive Board about the current business situation and important business transactions in the company outside of the Supervisory Board meetings.

## Deliberations in the Supervisory Board and its Committees

Prior to the Supervisory Board meetings, the shareholder and employee representatives met in separate preparatory meetings. Members of the Executive Board also regularly participated in these meetings. Discussions of Executive Board and Supervisory Board matters take place without the members of the Executive Board, unless otherwise requested by the members of the Supervisory Board. All members of the Supervisory Board may also submit to the Chairman of the Supervisory Board the need to discuss an item on the agenda without the presence of the Executive Board. In addition, the agenda of each meeting of the Supervisory Board provides for a separate agenda item, irrespective of the topic, for which the members of the Executive Board are not present. Members of the Supervisory Board may raise all topics to be discussed without the Executive Board within the scope of this agenda item.

In addition to the plenum, a total of four committees were established in the past financial year: the Presiding Committee, the Audit Committee, the Strategy Committee and the Nomination Committee. The Mediation Committee, to be formed in accordance with section 27, paragraph 3 of the German Co-determination Act, did not have to meet. The chairpersons of the committees report regularly and in detail on the work of the committees at the regular meetings of the Supervisory Board. In connection with the application for further stabilisation measures and the use of financing instruments, Transaction Committees set up by the Supervisory Board and consisting of Dr Zetsche, Mr Jakobi and Prof. Dr Ernst met. This made it possible to pass resolutions at very short notice within the framework granted by the Supervisory Board, insofar as this was necessary. All documents and the minutes of the Transaction Committees were always accessible to all members of the Supervisory Board. In addition, the meetings were reported on at the respective subsequent Supervisory Board meeting. No additional remuneration or attendance fees were paid for the meetings of the Transaction Committees.

Despite the high number of meetings, we were able to record a consistently high attendance rate at our consultations in financial year 2021, as in previous years. Attendance at the plenary meetings averaged 95.0 % (previous year 97.1 %) and at the committees 98.6 % (previous year 98.8%). The vast majority of the members of the Supervisory Board participated in all meetings of the Supervisory Board and in its committees in accordance with their respective membership in financial year 2021. Members who were unable to attend the meetings generally participated in the resolutions by sending written votes. The timely distribution of documents by the Executive Board in advance of the meetings and the almost universal avoidance of table papers made the preparation of the meetings much easier for the members of the Supervisory Board. All Supervisory Board and committee meetings in the reporting period were held as video conferences against the background of the COVID-19 pandemic.

## Attendance at meetings of Supervisory Board financial year 2021

### Attendance at meetings of Supervisory Board financial year 2021

Name	Supervisory Board meetings	Transaction committees	Presiding committee	Audit committee	Nomination committee	Strategy Committee
Dr Dieter Zetsche (Chairman)	15 (15)	4 (4)	5 (5) <sup>1</sup>	8 (8)	3 (3)	6 (6) <sup>1</sup>
Frank Jakobi (Deputy Chairman)	15 (15)	4 (4)	5 (5)	8 (8)		6 (6)
Peter Long (Deputy Chairman)						
(until 25 March 2021)	7 (7)		3 (3)		3 (3)	4 (4) <sup>1</sup>
Ingrid-Helen Arnold	13 (15)					
Andreas Barczewski	15 (15)			4 (4)		
Peter Bremme	15 (15)		5 (5)			
Prof. Dr Edgar Ernst	15 (15)	4 (4)	2 (2)	8 (8) <sup>1</sup>	0 (0)	6 (6)
Wolfgang Flintermann	15 (15)					
María Garaña Corces	14 (15)					
Dr Jutta Dönges						
(since 25 March 2021)	5 (8)			3 (4)		2 (2)
Angelika Gifford (until 25 March 2021)	7 (7)		3 (3)			4 (4)
Stefan Heinemann						
(since 21 July 2020)	15 (15)			4 (4)		
Dr Dierk Hirschel						
(until 25 March 2021)	7 (7)			4 (4)		
Janina Kugel (since 25 March 2021)	7 (8)					
Vladimir Lukin	15 (15)			8 (8)		2 (2)
Coline Lucille McConville	15 (15)			4 (4)		2 (2)
Alexey Mordashov	7 (15)		3 (5)		3 (3)	6 (6)
Mark Muratovic						
(since 25 March 2021)	8 (8)			4 (4)		
Michael Pönipp						
(until 28 February 2021)	7 (7)		3 (3)	4 (4)		
Carola Schwirn	15 (15)					
Anette Stempel	15 (15)		5 (5)			
Joan Trían Riu	15 (15)					
Tanja Viehl (since 25 March 2021)	8 (8)					
Stefan Weinhofer	15 (15)			4 (4)		
<b>Attendance at meetings in %</b>	<b>95.0</b>	<b>100.0</b>	<b>94.4</b>	<b>98.4</b>	<b>100.0</b>	<b>100.0</b>
<b>Attendance at Committee meetings in %</b>	<b>98.6</b>					

(In brackets: number of meetings held)

<sup>1</sup> Chairperson of Committee.

## Main topics of the Supervisory Board's work

There were 15 meetings of the Supervisory Board. In addition, four resolutions were passed by circular decision. Furthermore, the respective Transaction Committees of the Supervisory Board met four times and another resolution was passed by circular resolution. The following focal points were the subject of the individual meetings:

1. At its meeting on 6 October 2020, the Supervisory Board first reviewed the past financial year and approved the budget for financial year 2021. Furthermore, the Supervisory Board dealt with the prerequisites of a possible capital increase with subscription rights, taking into account the existing regulations in the United Kingdom, and gave its approval to the establishment of a corresponding Transaction Committee to ensure a short-term resolution. Furthermore, a report was given on the current state of negotiations between the EU and the United Kingdom regarding the upcoming Brexit and possible consequences for free air traffic. The Supervisory Board also explored the possibility of holding the 2021 Annual General Meeting in virtual form. Among the Executive Board matters, the Supervisory Board decided to terminate the appointment of Ms Conix by mutual agreement at the end of the year and to give Mr Ebel responsibility for the finance department. In addition, Mr Krueger was appointed as a new member of the Executive Board for the business area 'Group Strategy, M&A, Airline and JV's' with effect from the beginning of 2021. In addition to approving the organizational chart of the Executive Board, the Supervisory Board decided, among other things, to waive the determination of the individual performance factor for the Executive Board's annual performance-related remuneration (STI) in view of the current circumstances and determined the appropriateness of the Executive Board's pension remuneration for the past financial year.
2. The extraordinary meeting on 19 October 2020 included an update on securing the Group's liquidity. The Executive Board reported on concrete considerations to forego the capital increase for the time being in view of the current market environment and to apply for further state aid instead.
3. At an extraordinary meeting on 20 November 2020, the Executive Board provided information on the impact of government measures to contain the COVID-19 pandemic, the current status of the application process at the WSF for further government aid and presented the updated liquidity forecast. In addition, the immunologist and scientific advisor to the Society, Prof. Dr Kaufmann, reported on the development and effectiveness of vaccines and current developments.
4. In its meeting on 2 December 2020, the Supervisory Board approved, after intensive discussion, the term sheet agreed with the WSF for a further stabilisation package, as well as the establishment of a corresponding committee consisting of Dr Zetsche, Mr Jakobi and Prof. Dr Ernst to enable a decision to be taken at short notice. The Executive Board also gave an overview of the current liquidity situation and forecasts based on it and discussed the draft of the non-financial statement. In addition, the impact of the pandemic on the workforce, such as through short-time working and the long-term changes in work design and culture, as well as internal restructuring and cost-saving programmes, were outlined.
5. At the meeting on 9 December 2020, the Executive Board informed the Supervisory Board about the current status of the process for the further granting of stabilisation measures and the associated anti-trust and state aid review by the EU: The financial statements of the Group and TUI AG, each of which had been issued with an unqualified audit opinion by the auditors, and the combined management report for the Group were then discussed. The auditors were also present. A discussion was also held with the auditors in the absence of the Executive Board members. 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 financial year 2020 were thus adopted. The Supervisory Board also approved the Report of the Supervisory Board, the Corporate Governance Report and the Remuneration Report. In addition, the declarations of compliance with the German and UK Corporate Governance Codes and the proposal to the General Assembly to engage Deloitte GmbH Wirtschaftsprüfungsgesellschaft for the 2021 half-year and annual financial statements were adopted. Furthermore, the Supervisory Board decided to hold the extraordinary general meeting on 5 January 2021 virtually and agreed to disclose the voting results and voting intentions of the members of the Supervisory Board.
6. At its meeting on 28 December 2020, the Transaction Committee approved the measures required for the implementation of the third package of stabilisation measures.
7. On 3 January 2021, the Transaction Committee approved the amendment to the revolving credit facilities in connection with stabilisation measures.
8. On 7 January 2021, the Transaction Committee lifted the closed period resulting from internal requirements by means of a circular decision in order to allow the exercise of subscription rights for TUI employees against the background of the upcoming capital increase. These employees had, for example, participated in the Company's employee share programme in previous years and were thus shareholders of the Company.
9. The meeting of 8 February 2021 included explanations on the quarterly report and quarterly financial report. The Executive Board then presented the updated liquidity planning based on different recovery scenarios regarding the summer business. In addition to planning for the Annual General Meeting, the Supervisory Board dealt with the changes to the remuneration restrictions applicable to the members of the Executive Board from the second framework agreement with WSF and approved the conclusion of corresponding addenda to the service agreements.
10. In preparation for the Annual General Meeting 2021, the Supervisory Board formally adopted the remuneration systems for the Executive Board and the Supervisory Board in its extraordinary meeting on 26 February 2021. Furthermore, a resolution was passed on the election proposals concerning Dr Doenges, Ms Kugel, Prof. Dr Ernst and Mr Mordashov. In addition to an update on the new composition of the committees, the agenda and the holding of the Annual General Meeting as a virtual event were resolved and the Executive Board reported on the current liquidity situation of the company.

11. At its constituent meeting on 25 March 2021, the Supervisory Board re-elected Mr Jakobi as Deputy Chairman of the Supervisory Board. In addition, it was decided that in future the Presiding Committee would only consist of three shareholder and three employee representatives. In addition, the Supervisory Board passed resolutions on the composition of the Presiding Committee, the Audit Committee, the Strategy Committee and the Mediation Committee as well as the respective chairmanship of the Audit Committee and the Presiding Committee. In addition, the composition of the Nomination Committee was discussed. In addition, the Executive Board gave an update on liquidity development, corresponding forecasts and possible measures.
12. In a circular decision on 1 April 2021, the Supervisory Board unanimously approved the divestment of all shares held by TUI in Entreprises Hotelieres et Touristiques Paladien Lena Mary AE ('Lena Mary').
13. The extraordinary meeting on 6 April 2021 dealt with the marketing of a convertible bond. The Supervisory Board approved the issue in principle and set up a Transaction Committee to enable a resolution to be passed at short notice if necessary.
14. In its first meeting on 9 April 2021, the Transaction Committee gave its approval to the marketing of a convertible bond in the early morning.
15. In its second meeting on 9 April 2021, the Transaction Committee gave its approval in the afternoon to determine the final terms of a convertible bond.
16. Following a cancellation at short notice of the transaction approved by the Supervisory Board on 1 April 2021, the Supervisory Board approved the sale of all TUI shares in Lena Mary to an alternative prospective buyer in a circular decision on 28 April 2021.
17. At the meeting on 11 May 2021, the Executive Board first reported on the liquidity development and financial recovery before presenting the report on the current financial year, the quarterly financial statements and the first half of 2021. The implications of the ownership structure in connection with the EU Ownership and Control Regulation and possible next steps in this regard were then discussed, and the measures for risk identification, safety concepts and implementation of testing and vaccination campaigns were presented. In the context of Executive Board matters, we appointed, on the recommendation of our Presiding Committee, Ms Sybille Reiss as successor to Dr Eller as member of the Executive Board and Labour Director with effect from 1 July 2021 and accordingly approved the termination of Dr Eller's appointment and the expiry of her service agreement at the contractual end. After addressing the results and derived measures of the self-assessment conducted in September 2020, we received an update on the preparations for the 2022 Annual General Meeting. In addition, the Executive Board informed us about the possibility of selling the Castelfalfi complex.
18. With the circular decision of 21 May 2021, the Supervisory Board approved the already announced sale of 100% of the shares in Tenuta di Castelfalfi.
19. On 27 May 2021, we gave our consent to the divestment of the shares TUI has held in Riu Hotels S.A. We assured ourselves that the partnership cooperation in Riu II will not be affected by this transaction. In addition, we were provided with updated documents on the 3-year plan as well as on trading and liquidity.
20. In a so-called learning session on 2 June 2021, the Supervisory Board was informed in detail about the requirements of the UK Securities and Exchange Commission as well as the rights and obligations of Directors in connection with a possible capital increase, in particular with regard to the prospectus required for BaFin and FCA. Both our external legal advisors and representatives of the bank acting as sponsor participated in this meeting.
21. The extraordinary meeting on 25 June 2021 initially dealt with an update from the Executive Board regarding the resumption of business, the current liquidity situation and the corresponding planning. In addition, the Supervisory Board gave its approval in principle to the increase of the 2021 convertible bond and the establishment of a Transaction Committee in the usual composition in case it had to be set up. However, the Transaction Committee was not needed.
22. By circular resolution dated 26 July 2021, the Supervisory Board approved the maturity extension of the revolving credit facilities (RCF) until summer 2024.
23. At the strategy meeting on 8 September 2020, the Supervisory Board dealt with strategic issues relating to progress in the development of platform technologies and the strategic positioning of the Group's own airlines. In addition, the budget for the coming financial year and the three-year plan were discussed, which also included strategic topics due to the necessary balance sheet restructuring.  
  
On the second day of the meeting, the Supervisory Board received an update on the liquidity as well as the financial profile of the Group during its ordinary meeting on 9 September 2021. In addition, resolutions were passed on the determination of the target total remuneration of the Executive Board members, on the determination of the target values for the annual performance-related remuneration as well as on the determination of the performance criteria for the individual performance for the following financial year 2022. These resolutions were subject to the validity of the remuneration restrictions from the Framework Agreement II. Furthermore, the Supervisory Board dealt with the review of the appropriateness of the Executive Board remuneration and pensions as well as the review of the appropriateness of the Supervisory Board remuneration. With the resolution on the Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz – FISG), the Supervisory Board fulfilled its obligations arising from the statutory new provisions of the Act. In addition, the Supervisory Board approved the termination of the profit and loss transfer agreements between TUI AG and DEFAG I GmbH and between TUI AG and DEFAG III GmbH, along with other transactions requiring its consent.

24. In its extraordinary meeting on 24 September 2021, the Executive Board reported to the Supervisory Board on the process, timetable and potential volume of a capital increase. The Supervisory Board approved the capital increase in principle and established a Transaction Committee.

## Presiding Committee

The Presiding Committee is responsible for Executive Board matters (including succession planning, appointments, terms of service agreements, remuneration, proposals for the remuneration system). In addition, the Presiding Committee prepares the meetings of the Supervisory Board. Five meetings were held during the reporting period.

The Presiding Committee, which is equally represented, consists of:

- Dr Dieter Zetsche (Chairman)
- Peter Long (until 25 March 2021)
- Peter Bremme
- Alexey Mordashov
- Prof. Dr Edgar Ernst (since 25 March 2021)
- Michael Pönipp (until 28 February 2021)
- Angelika Gifford (until 25 March 2021)
- Anette Stempel
- Frank Jakobi

1. At the meeting on 6 October 2020, the Presiding Committee primarily dealt with Executive Board matters. The proposal to comply with the wish of Ms Conix and to terminate her appointment at the end of the year, to transfer the responsibility for the finance department to Mr Ebel and to appoint Mr Krueger to the Executive Board with effect from 1 January 2021 was developed. In this context, a change in the organizational chart of the Executive Board was also discussed. In addition, the Presiding Committee made the recommendation to refrain from setting the individual performance factor for financial year 2020 in view of the voluntary waiver of the members of the Executive Board.
2. On 8 February 2021, the Presiding Committee dealt with the liquidity situation, the Q1 report and the preparation of the Annual General Meeting.
3. TUI AG's Annual General Meeting was the subject of the extraordinary meeting on 26 February 2021. Apart from recommendations on proposed resolutions to the AGM concerning the remuneration systems for the Executive Board and Supervisory Board, the Presiding Committee dealt with possible election proposals, the future composition of the committees as well as the agenda and virtual format of the AGM.
4. At its meeting on 10 May 2021, the Presiding Committee prepared a recommendation for the appointment of Ms Sybille Reiss as a member of the Executive Board and as Labour Director as well as the early termination of the appointment of Dr Eller. In addition, the long-term succession planning for the Supervisory Board and especially for the Executive Board and the associated challenges against the background of the remuneration restrictions were discussed. The Presiding Committee also

recommended approval of the change to the organizational chart of the Executive Board, gave its consent to Mr Ebel taking on two further external Supervisory Board mandates. Finally, the results as well as derived measures from the self-assessment of the Supervisory Board conducted in September 2020 were discussed.

5. On 7 September 2021, the Presiding Committee dealt with the general process of succession planning in the Executive Board. In addition, the determination of the target total remuneration of the members of the Executive Board as well as the target values of the annual performance remuneration for the financial year 2022 were discussed. The performance criteria for the individual performance of the Executive Board, which is always also based on ESG criteria, was also discussed in preparation for a resolution by the Supervisory Board. In addition, the appropriateness of the remuneration of the Executive Board and the remuneration of the Supervisory Board was discussed. Furthermore, the preparation of the resolution of the Supervisory Board on the innovations from the Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz – FISG) was on the agenda of the Presiding Committee.

## AUDIT COMMITTEE

The audit committee held six ordinary and two extraordinary meetings in financial year 2021. For the detailed report of the Audit Committee and for information on its composition, tasks, deliberations and resolutions, please see page 20.

## NOMINATION COMMITTEE

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

The members of the Nomination Committee, which met three times, were:

- Dr Dieter Zetsche (Chairman)
- Prof. Dr Edgar Ernst (since 25 March 2021)
- Peter Long (until 25 March 2021)
- Alexey Mordashov

1. At the meeting on 1 December 2020, the Nomination Committee dealt with the future composition of the Supervisory Board, in particular against the background of the requirement associated with the granting of stabilisation measures that two persons nominated by the WSF be appointed as members of the company's Supervisory Board.
2. In another meeting on 19 January 2021, the Nomination Committee discussed possible proposals for the future composition of the Supervisory Board and its committees.
3. At its meeting on 16 February 2021, the Nomination Committee recommended that the Supervisory Board propose the re-election of Prof. Dr Ernst and Mr Mordashov at the 2021 Annual General Meeting. Furthermore, the Nomination Committee recommended to propose the election of Dr Doenges and Ms Kugel as WSF nominees at the 2021 Annual General Meeting.

## STRATEGY COMMITTEE

The task of the Strategy Committee is to advise the Executive Board on the development and implementation of the corporate strategy. The committee held a total of six meetings during the financial year.

The members of the Strategy Committee were:

- Dr Dieter Zetsche (Chairman since 25 March 2021)
- Peter Long (until 25 March 2021, until then Chairman)
- Dr Jutta Doenges (since 25 March 2021)
- Angelika Gifford (until 25 March 2021)
- Prof. Dr Edgar Ernst
- Frank Jakobi
- Vladimir Lukin (since 25 March 2021)
- Coline McConville (since 25 March 2021)
- Alexey Mordashov

1. In its meeting on 5 October 2020, the Strategy Committee discussed the current liquidity situation, but also the financial profile and corresponding recovery scenarios. In addition, important key figures were discussed.
2. On 1 December 2020, the Strategy Committee discussed different approaches for cost-saving programmes that were developed together with an external consulting firm.
3. The Strategy Committee discussed a further update on cost savings on 12 January 2021. It also discussed which additional measures would be beneficial to the company's recovery in the longer term.
4. On 8 February 2021, the committee dealt with the concrete implementation of the cost-saving programmes. The progress of the individual projects, which are monitored in a separate project office, was presented and discussed.
5. In its meeting on 6 April 2021, the progress of the cost-saving programmes was reported again. In addition, feedback from customers was discussed, who had made their first experiences with holidays under hygiene protection measures in the slowly restarting business. The Strategy Committee also received an update on the restructuring of TUIfly and the current liquidity situation. The update also included a discussion on how to reduce the company's debt.
6. At its meeting on 10 May 2021, the Strategy Committee received a further update on the cost-saving programmes and liquidity. Different scenarios of a returning business with the respective effects on the company's earning power were also discussed. In addition, the Strategy Committee received an update on current IT projects and discussed the product strategy.

## CORPORATE GOVERNANCE

The TUI AG share has its initial listing on the London Stock Exchange in the United Kingdom. In this context, TUI AG's constitution as a stock corporation under German law naturally requires the Supervisory Board to deal regularly and in great detail with the recommendations of both German and UK corporate governance. Apart from mandatory compliance with the provisions of the German Stock Corporation Act (Aktengesetz – AktG), the Co-Determination Act (Mitbestimmungsgesetz – MitbestG), the Listing Rules and the Disclosure and Transparency Rules, TUI AG had declared in 2014 in the framework of the merger with TUI Travel PLC that it would comply with both the German Corporate Governance Code (DCGK) and – to a practicable extent – the UK Corporate Governance Code (UK CGC).

For the DCGK, which is based on the German Stock Corporation Act (Aktengesetz – AktG) in its basic conception, we were able to submit the Declaration of Conformity 2021 with the Executive Board in accordance with section 161 AktG. The DCGK is complied with, with the exception of some recommendations in section G.1.3. The deviations from the UK CGC are largely due to the conceptual difference between the monistic management system of a public listed company in the United Kingdom (so-called one-tier board) and the dualistic management system consisting of Executive Board and Supervisory Board in a public limited company (so-called two-tier board) under German law.

In conducting the audit of the financial statements, the auditor did not identify any facts that would indicate that the declaration on the DCGK issued by the Executive Board and the Supervisory Board was incorrect.

Further information on Corporate Governance, the Declaration of Conformity 2021 pursuant to section 161 of the German Stock Corporation Act (AktG) and the declaration on the UK CGC can be found in the Corporate Governance Report jointly prepared by the Executive Board and the Supervisory Board in this Annual Report on page 109 and on TUI AG's website.

## Conflicts of interest that have arisen

The Supervisory Board has continuously monitored whether conflicts of interest could arise in the current financial year. It has determined that no conflict of interest arose in the 2021 financial year.

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

The Supervisory Board examined whether the annual financial statements and the consolidated financial statements as well as the other financial reporting complied with the applicable requirements. The annual financial statements of TUI AG prepared by the Executive Board in accordance with the rules of the German Commercial Code (Handelsgesetzbuch – HGB), the combined management report of TUI AG and the TUI Group and the consolidated financial statements for financial year 2021 prepared on the basis of the International Financial Reporting Standards (IFRS) were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, and issued with an unqualified audit opinion in each case. The aforementioned documents, the

Executive Board's proposal for the appropriation of the balance sheet profit and the auditor's reports were submitted to all members of the Supervisory Board in good time. We discussed them in detail at the audit committee meeting on 6 December 2021 and at our balance sheet meeting on 7 December 2021, at which the Executive Board explained the financial statements in detail. At these meetings, the chairman of the audit committee and the auditor reported on the results of their audits, the focus of which had previously been determined with the audit committee for the reporting year. Neither the auditor 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, the consolidated financial statements and the combined management report, we had no cause for objections and therefore concurred with the Executive Board's assessment of the situation of TUI AG and the TUI Group.

On the recommendation of the Audit Committee, we approved the financial statements for financial year 2021; the annual financial statements of TUI AG are thus adopted.

## Composition of the Executive Board and Supervisory Board

The composition of the Executive Board and the Supervisory Board as at 30 September 2021 is shown in the overviews on pages 105 and 106 for the Supervisory Board and on page 107 for the Executive Board.

### **SUPERVISORY BOARD**

In the following I will give you an overview of the personnel changes in the Supervisory Board. It should be mentioned in advance that it was agreed with the Economic Stabilisation Fund (Wirtschaftsstabilisierungsfonds – WSF) within the framework of the agreed stabilisation measures to work towards appointing two persons nominated by WSF as members of the Supervisory Board.

Ms Angelika Gifford and Mr Peter Long retired from the Supervisory Board of TUI AG as shareholder representatives at the end of the 2021 Annual General Meeting. Ms Gifford had been a member of our Board since February 2016 and had noticeably enriched us with her expertise in digital technologies and social media. She has always closely followed and scrutinised the management's digitalization strategy and has made constructive contributions to highlight potential challenges as well as solutions. Due to her other professional commitments, Ms Gifford unfortunately did not stand for re-election to the Supervisory Board at this year's Annual General Meeting. We wish her every success in her future endeavours.

Mr Long has also decided not to stand for re-election to the Supervisory Board for the benefit of the Company with regard to the WSF's right of nomination and therefore left the Supervisory Board at the end of the 2021 AGM. Mr Long was extremely closely associated with TUI for many years: He had been CEO of the former TUI Travel PLC since 2007 and, following the successful merger, co-chaired the Executive Board of TUI AG together with Mr Jousen. Since 2016, he has been a member of the Supervisory Board and also Chairman of the Strategy Committee. The company and also the Supervisory Board have benefited greatly from his many years of experience and expertise in the tourism sector. Both operationally and strategically, Mr Long has played a key role in shaping and accompanying important developments at TUI. As Chairman of the

Strategy Committee, he accompanied the transformation into a digital platform company with a well-founded critical eye. We thank him for his extraordinary commitment and wish him all the best for the future.

In place of Ms Gifford and Mr Long and at the proposal of the WSF and the Supervisory Board, Dr Jutta Doenges and Ms Janina Kugel were elected to the Supervisory Board of TUI AG by the shareholders at the 2021 Annual General Meeting. For more than three years, Dr Doenges has been Managing Director of state owned Finanzagentur GmbH, which, among other things, manages WSF's involvement with TUI AG. In this capacity, Dr Doenges has been proposed by WSF for membership of our Supervisory Board. As an economist engineer with a doctorate, she looks back on an impressive career as, among other things, Executive Director of the Investment Banking Division at Goldman Sachs and Chair of the Steering Committee of the Federal Agency for Financial Market Stabilisation. Particularly in view of the challenges still ahead, we are very pleased to have gained a true expert on investment and financing topics in her.

Janina Kugel, who studied economics, has many years of experience in human resources management in various companies and sectors. She is known to the public at the latest through her Executive Board mandate at Siemens AG. With her, we welcome an extremely experienced manager on board our Supervisory Board, especially with regard to transformation and restructuring, as well as the associated changes in working methods and culture, also on the international stage.

In view of the current challenges, which concern not only the purely operative business, but also our position on the financial market and our internal repositioning, both bring valuable experience and expertise and are an optimal addition to our Supervisory Board.

Upon retirement, Mr Poenipp resigned from the Supervisory Board of TUI AG as an employee representative on 28 February 2021. Mr Poenipp had been a member of the Supervisory Board since April 2013 and was a member of both the Presiding Committee and the Audit Committee. Due to his experience and in-depth understanding of the operative business, he was a highly valued contact for all of us. Moreover, TUI's employees have had a committed and extremely competent representative of their interests on the Supervisory Board in him, who most recently served as Chairman of the Works Council of the Tour Operator of TUI Deutschland GmbH and Deputy Chairman of the General Works Council of TUI Deutschland GmbH. We wish Mr Poenipp all the best in his well-deserved retirement and, above all, continued good health.

Dr Dierk Hirschel also resigned from the Supervisory Board of TUI AG as an employee representative at the end of the 2021 Annual General Meeting. Dr Hirschel, Head of Economic Policy at the Ver.di trade union, had been a member of our Supervisory Board and also of the Audit Committee for six years. With his outside view of the Company, he always had the macroeconomic context in mind and always encouraged the members of the Supervisory Board but also the management to discuss and pursue new approaches and ideas. We thank him for his commitment and wish him all the best for the future.

We were pleased to welcome Ms Tanja Viehl and Mr Mark Muratovic to the Supervisory Board as new employee representatives at the end of the 2021 Annual General Meeting. Ms Viehl has now been working for the Vereinigung Cockpit e.V. for four years as a lawyer specialising in collective bargaining policy. With her experience in labour law issues in the aviation industry, she is a competent addition to our board.



Mr Muratovic has worked for TUI Deutschland GmbH since 1999 in various sales-related positions and currently holds the position of Deputy Chairman of the General Works Council of TUI Deutschland GmbH in addition to his role as Chairman of the Works Council of the Tours Operator of TUI Deutschland GmbH. With his in-depth knowledge of the operating business, he is a valuable partner for us on the Supervisory Board of TUI AG.

#### **PRESIDING COMMITTEE**

Mr Michael Poenipp retired from the Presiding Committee on 28 February 2021. Due to the upcoming Annual General Meeting, there was no immediate replacement for his vacant mandate. With their resignation from the Supervisory Board, Ms Angelika Gifford and Mr Peter Long also resigned from the Presiding Committee after the Annual General Meeting on 25 March 2021.

As the size of the Presiding Committee was reduced from eight seats to six seats, there was no replacement of Mr Michael Poenipp on the side of the employee representatives. On the side of the shareholder representatives, Prof. Dr Ernst was elected as a member of the Presiding Committee.

#### **AUDIT COMMITTEE**

Until the 2021 Annual General Meeting, the equally represented Audit Committee consisted of: Prof. Dr Edgar Ernst as Chairman, Mr Andreas Barczewski, Dr Dierk Hirschel, Mr Frank Jakobi, Mr Vladimir Lukin, Ms Coline McConville and Dr Dieter Zetsche. Mr Michael Poenipp retired from the Supervisory Board of TUI AG and thus also from its Audit Committee at the end of 28 February 2021.

The current Audit Committee was elected from the members of the Supervisory Board immediately after the Annual General Meeting in March 2021. The election of the committee members is valid for the respective duration of their Supervisory Board mandate. The audit committee, with equal representation, currently consists of Prof. Dr Edgar Ernst as chairman, Dr Jutta Doenges, Mr Stefan Heinemann, Mr Frank Jakobi, Mr Vladimir Lukin, Mr Mark Muratovic, Mr Stefan Weinhofer and Dr Dieter Zetsche.

#### **NOMINATION COMMITTEE**

Following the resignation of Mr Peter Long from the Supervisory Board and thus also from TUI AG's Nomination Committee, the vacant seat was filled by Prof. Dr Edgar Ernst.

#### **STRATEGY COMMITTEE**

Both Mr Peter Long as Chairman and Ms Angelika Gifford resigned from the TUI AG Supervisory Board Strategy Committee on 25 March 2021. The Committee is now chaired by Dr Dieter Zetsche. The vacant seats have been occupied by Dr Jutta Doenges and Ms Coline McConville since 25 March 2021.

#### **EXECUTIVE BOARD**

In financial year 2020, Ms Conix announced that she would not be renewing her service agreement, which was going to expire on 14 July 2021. After intensive discussion, the Supervisory Board decided to appoint Mr Sebastian Ebel as CFO with effect from 1 January 2021 and Mr Peter Krueger as a new member of the Executive Board with responsibility for Strategy, M&A, Airlines and Joint Ventures. In accordance with the wishes of Dr Elke Eller, her service agreement was also not extended. Dr Elke Eller's appointment as a member of the Executive Board was terminated at the end of 30 June 2021. She was succeeded as CHRO and Labour Director by Ms Sybille Reiss with effect from 1 July 2021.

Thanks!

The Supervisory Board would like to thank all employees of the TUI Group for their great commitment, which has carried TUI through a financial year with unprecedented challenges, as in the previous year. Against the backdrop of the still great uncertainties in 2021, your commitment is a remarkable achievement!

Hanover, 6 December 2021

For the Supervisory Board,



Dr Dieter Zetsche  
Chairman of the Supervisory Board