



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](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 110). 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.

Moreover, information demonstrating how the Principles and Provisions of the UK Code have been applied can be found throughout the Corporate Governance Report, Report of the Supervisory Board, Audit Committee Report, as well as in the respective parts of the combined Management Report.

**WORDING OF THE UK CORPORATE GOVERNANCE STATEMENT 2020**  
‘Executive Board and Supervisory Board declare pursuant to DTR 7.2 and LR 9.8.7R:

Throughout the reporting period, TUI AG has applied the Principles and complied with the Provisions of the UK Code in the version of July 2018, 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 2019	FY19 Results Presentation	FJ, BC
	Roadshow UK	FJ, BC
January 2020	Commerzbank German Investment Seminar	BC
	UniCredit / Kepler Cheuvreux German Corporate Conference	BC
February 2020	FY20 Q1 Results Presentation	FJ, BC
	AGM 2020	FJ, BC
March 2020	Morgan Stanley Investoren Call	BC
May 2020	FY20 H1 Results Presentation	FJ, BC
	virtual Roadshow UK	FJ, BC
	virtual Roadshow Frankfurt	FJ, BC
	virtual Roadshow Zurich	BC
	virtual Roadshow Paris	BC
June 2020	virtual dbAccess Berlin Conference	BC
	Barclays Investors Call	BC
August 2020	FY20 Q3 Results Presentation	FJ, BC
	virtual Commerzbank Sector Conference	BC
September 2020	virtual Berenberg & Goldman Sachs German Corporate Conference	BC
	virtual Bernstein Strategic Decision Conference	FJ, BC
	Morgan Stanley Investors Call	BC

Key: Friedrich Jousen (FJ), Birgit Conix (BC)

The Supervisory Board receives feedback from the Chairman and Deputy Chairman (shareholder representative) 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 Angelika Gifford 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).

The members of the Supervisory Board not considered to be independent for the purposes of the UK Code are Mr Alexey Mordashov, Mr Peter Long, Mr Vladimir Lukin 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 Trían 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. 24.89 % of the voting rights are held via Unifirm Ltd. controlled by KN-Holding LLC and that Mr Mordashov holds 35 % of the shares in Unifirm Ltd. There are also joint ventures between TUI AG and Riu Hotels S. A. as well as TUI Russia & CIS (the latter company is indirectly related to Mr Mordashov according to available information; for further details see page 97 of the Annual Report). Until his election to the Supervisory Board in February 2016, Mr Peter Long was Joint-CEO of TUI AG from December 2014 to February 2016. Prior to that, he was a member of the Executive Board of TUI AG from 2007 and CEO of

TUI Travel PLC. Mr Vladimir Lukin is a Special Advisor to the CEO of OOO Severgroup and is therefore associated with Mr Mordashov. Therefore, neither Mr Mordashov, Mr Long, Mr Lukin nor Mr Trían Riu are considered independent for the purposes of the UK Code.

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 (ver.di).

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)**

Since, for the purpose of the UK Code, only the shareholder representatives on the Supervisory Board are taken into account, with five independent members (excluding the Chairman of the Supervisory Board) more than half of its members are considered independent.

**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 any of his Deputies. Mr Peter Long, who was Chief Executive Officer of TUI Travel PLC before the merger, was elected as additional Deputy Chairman of the Supervisory Board of TUI AG in February 2018 alongside Mr Frank Jakobi (First Deputy Chairman who, under the German Co-Determination Act, must be an Employee Representative).



**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.

There is no requirement under German law or the German Corporate Governance Code for the majority of the Nomination Committee members to be independent. One of the now three members of the Nomination Committee is affiliated with a major shareholder (Mr Alexey Mordashov) and therefore not independent in the sense of the UK CGC. Until his election to the Supervisory Board in February 2016, Mr Peter Long was Co-Chairman of the Executive Board of TUI AG from December 2014 to February 2016. Consequently, only Dr Dieter Zetsche is independent within the meaning of the UK CGC. Therefore TUI AG is not compliant with the UK Code, which requires a majority of the Nomination Committee to be independent. However, TUI AG considers that the current membership of the Nomination Committee provides a strong and experienced pre-selection of Supervisory Board shareholder representation members, while keeping the Committee to a manageable size.

**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 102. 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).

**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 Chairmen 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. It is planned that the Supervisory Board will deal with the results and any measures to be derived from them in December 2020.

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

For the activities of the Nomination Committee, see page 11 which is part of the Chairman’s letter to shareholders. The succession planning approach is outlined on page 113. The policy on diversity and inclusion can be found on page 86 and 112. 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 Dieter Zetsche as Chairman of the Supervisory Board and Mr Vladimir Lukin, who is 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.

**ESTABLISHMENT 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.

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

See the Directors’ Remuneration Report from page 117 for full details on Executive and Supervisory Board member’s remuneration.

**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 were 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 117.*

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 2020. 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 102 et seq.*

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 2020. As the oversight body, the Supervisory Board provided on-going advice and supervision for the Executive Board in managing the Company in financial year 2020, 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 with an appropriate deductible for all members of the Executive Board and Supervisory Board. 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 2020 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 112 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. None of the shareholder representatives on the Supervisory Board had any commercial or personal relationship with the Company, its Executive Board or third parties that might cause a material clash of interests. Seven 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 seven independent members from the Company and its Executive Board, as well as from a controlling shareholder were Ms Ingrid-Helen Arnold, Prof. Dr Edgar Ernst, Ms María Garaña Corces, Ms Angelika Gifford, Mr Peter Long, Ms Coline McConville and Dr Dieter Zetsche.

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. 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.

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 2020, 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.

**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. Both the shareholder and the employee representatives of the Supervisory Board have objected to the Chairman of the Supervisory Board with regard to the election of shareholder and employee representatives, which is to be initiated in 2020 as well as their appointments for the Annual General Meeting in 2021, with regard to overall compliance in accordance with section 96 (2) sentence 2 of the German Stock Corporation Act.

The Supervisory Board resolved, in keeping with section 111 (5) of the German Stock Corporation Act, that until 31 October 2020 one woman is required to be a member of the Executive Board. This goal was achieved in the reporting period with Dr Elke Eller’s membership in the Executive Board and was exceeded since 15 July 2018 with the appointment of Ms Birgit Conix. 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 turn, the Executive Board resolved, in keeping with section 76 (4) of the German Stock Corporation Act, that women should account for 20 % of executives at the level immediately below the Executive Board and 30 % at the level below this. Both targets were to be achieved by 30 September 2020. 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. As a result of these measures, the proportion of women at TUI AG at the first management level below the Executive Board increased from 24 % to 25 % as of 30 September 2020 and thus exceeded the target of 20 %. At the second management level below the Executive Board, the proportion of women is 22 %, which is below the target of 30 %. In September 2020 the Executive Board again agreed on targets for the proportion of women in management. By 30 September 2023 women should account 25 % of executives at the level immediately below the Executive Board and 30 % at the level below this.

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.



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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.

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 33.

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 Friedrich Joussen of notifiable purchase and sale transactions of TUI AG shares or related financial instruments by directors (directors’ dealings or managers’ transactions) concerning financial year 2020. 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. In particular this stipulates an obligation to receive a clearance to deal for transactions with TUI AG’s financial instruments by members of the Executive Board, the Supervisory Board and the Group Executive Committee as well as by persons on the insider list.

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 2020 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 250.

The consolidated financial statement and management report as of 30 September 2020 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 2020.

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 twice a year on current progress and implementation of family-friendly concepts (e.g. flexible work times and locations via, for instance, video-conferencing, part-time options, cultural change) 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 2020

With effect from 15. July 2018, Ms Birgit Conix was appointed member of the Executive Board as second female Executive Board member. The target set by the Supervisory Board that at least one woman should be a member of the Executive Board has thus been exceeded 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 will take over the Finance Department from 1 January 2021. In addition, the Supervisory Board appointed Mr Peter Krüger as a member of the Executive Board with effect from 1 January 2021. In addition, the appointment of Mr David Burling was extended for a further three years by the respective Supervisory Board resolution (see overview of the Executive Board on page 104). It is the view of the Supervisory Board that Mr Ebel, Mr Burling and Mr Krüger 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 2020

In the current financial year, no changes have been made to the diversity concept or the composition of the Supervisory Board. In accordance with the recommendation in point 5.4.1 (2) of the 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.

Since his election to the Supervisory Board at the 2018 Annual General Meeting, Dr Dieter Zetsche has made a very valuable contribution to the diversity of the Supervisory Board thanks to his extensive international experience and his extensive experience in the management of a major global corporation. He now contributes his knowledge and skills as Chairman of the Supervisory Board. With the election of Ms Ingrid-Helen Arnold and Ms Maria Garaña Corces as members of the Supervisory Board by the Annual General Meeting in February 2020, the Supervisory Board was enriched by extensive experience in the development of digital solutions and the structural repositioning of company, which is of significant value to us in light of the Markets and Domain Transformation. From the point of view of the Supervisory Board, there is currently no further need for action in relation to diversity. On the shareholder side, both genders are nearly balanced represented, (4 female, 6 male), and in terms of the board as whole, the proportion of women of 30% 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 Anti-Bribery

In implementing our business activities, we have to comply with a large number of national and international laws and rules as well as internal policies. Our Compliance Management System helps us comply with these. Its goals also include preventing misconduct and avoiding liability risks for the Company, its legal representatives, executives and employees and thereby protecting the reputation of the Company. It is a fundamental component in our commitment to entrepreneurial, environmental and socially responsible operations and management and an indispensable part of our corporate culture and Corporate Governance activities.

In the second half of the year, Integrity & Compliance activities were also affected by the COVID-19-crisis. For operational reasons, some measures such as training, surveys and communication were only carried out to a reduced extent or with a time delay. However, the ability of the Integrity & Compliance organisation to work was guaranteed at all times.