

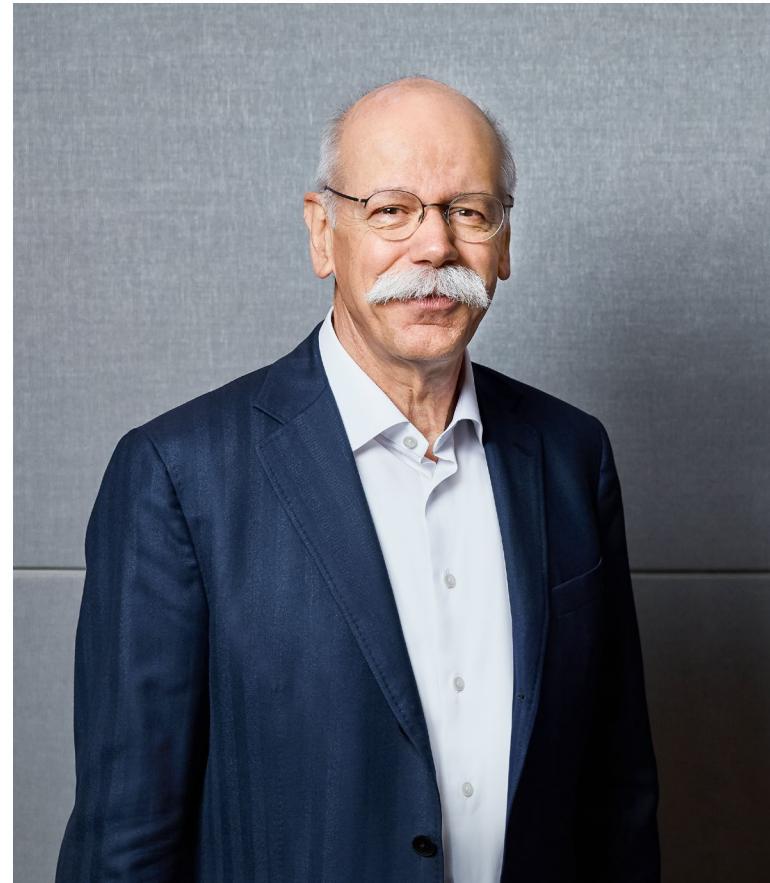
# REPORT OF THE SUPERVISORY BOARD

Dear Sir or Madam,

This year we are again one of the first listed companies out of the blocks in the reporting season. That in itself is not unusual. However, this makes us one of the first companies to be reporting on a year that took a quite extraordinary course. It is now generally known that the tourism sector has been especially hard hit by the restrictions imposed due to the COVID-19-pandemic. This holds true for our company as well. Our business model is robust, which was demonstrated most recently by our ability to manage and minimise the negative impacts of the Boeing 737 Max grounding. However, the travel restrictions have meant that we have been in effect prevented from conducting large parts of our commercial operations since mid-March.

At our Annual General Meeting in February 2020, we were still in a very optimistic mood due to the record booking figures. The Corona-virus was not yet playing a major role and the company was on the way to enjoying the most successful year in its history – only to have the brakes slammed on in the weekend of 14/15 March. This weekend saw the closure of almost all destinations and we had to react to a staggering drop in revenue to almost zero at the drop of a hat. No one could predict how long this situation would last.

At the beginning, as we also looked to developments in China, where the first cases were reported, we still assumed we would be able to resume commercial operations in June. Indeed, travel restrictions were increasingly being lifted across Europe from June onwards, only for lockdown to be largely reimposed just weeks later. In operational terms, our employees had to keep adapting to changing situations in the various source and destination markets, which in some cases were announced with practically no notice. This situation placed extreme, previously unthinkable challenges on our company. Over this rollercoaster ride, however, the feedback from the trips carried out under COVID-19 conditions and the booking situation for the coming year demonstrated that our customers enjoyed their holiday with TUI and felt very safe. TUI is a brand that represents trust. We are certain that we will enjoy high levels of demand as soon as travel is possible again. We hope that the progress on the availability of vaccines in 2021 as recently announced will initiate the transition into this new normality. In parallel, we have used the time to press ahead with the restructuring process into a platform company, to hugely improve the cost position and to make TUI more sustainable. As the Supervisory Board, we have supported the work of the Executive Board at a string of extraordinary meetings since the start of the crisis and are convinced that TUI is well on track to quickly regain its former strength in a post-COVID-19 era.



DR DIETER ZETSCHE

*Chairman of the Supervisory Board*

The way we work has also changed in the long term – for us as the Supervisory Board, too. Even though the German Corporate Governance Code still says that attending Supervisory Board meetings by videoconference should be the exception rather than the rule, this has been pretty much unavoidable since March. And it has worked amazingly well. Yet, just like the company as a whole and our customers, we as the Supervisory Board long for the day in the future where we can again meet in person without any restrictions.

The COVID-19-pandemic has again taught us to exercise humility but at the same time not to give up on our dreams. After all, one day we will again be able to travel without restrictions.

To close this introduction, let me again look back on the changes of personnel within the Supervisory Board in financial year 2020: At the close of the Annual General Meeting in February 2020, Ms Valerie Gooding and Ms Janis Kong left the Supervisory Board of TUI AG after over five years. Both have been with the company since the merger with TUI Travel PLC in December 2014 and significantly enriched it with their international experience and expertise. They made an essential contribution to the highly successful cultural integration on the merger of the two companies. At this point, I would like to thank them for their outstanding work and commitment and wish them well for the future. In February 2020, the Annual General Meeting appointed Ms Ingrid-Helen Arnold and Ms Maria Garaña Corces to the Supervisory Board as their replacements, each for a term of four years. Ms Arnold brings experience from a long career at SAP and we are delighted to have her expertise in the field of transformation processes, both as an external service provider and in terms of internal restructuring for our Board. Ms Garaña Corces, currently Vice President of Professional Services Europe, Middle East and Africa for Adobe Inc., worked in positions of responsibility at the Microsoft Corporation for many years. Among her many projects, she was responsible for setting up an Innovation Center on Menorca in cooperation with the tourism sector. The experience of these two new Board members in developing digital solutions and restructuring a company are crucial as we, too, undergo the transformation into a company with digital platforms.

Further, Ortwin Strubelt stepped down from the Supervisory Board on 30 June 2020 following the successful sale of Hapag-Lloyd Cruises to the TUI Cruises joint venture. Mr Strubelt had been an employees' representative on the Supervisory Board since 2009 and also sat on the Audit Committee and the Presiding Committee. His longstanding experience in the company and his expertise in the cruises sector very much enriched our Board. I would like to thank him for his commitment in the name of the entire Supervisory Board and wish him every success for the future. At the request of the Executive Board of TUI AG, Mr Stefan Heinemann was appointed by the court as Mr Strubelt's successor as of 21 July 2020. Mr Heinemann has worked for the subsidiary TUI Infotec GmbH since 2002 and as product owner is responsible for the departments of Scheduling and Maintenance as well as IMSD (Infrastructure Management and Service Delivery) Aviation. With his knowledge of the internal company system landscape, he is a valuable partner on the Supervisory Board, especially when it comes to the transformation process.

## Cooperation between the Supervisory Board and the Executive Board

The Executive Board and Supervisory Board cooperate in accordance with the principles set out in the Corporate Governance report (page 106) and in doing so are guided by the principles of good and responsible corporate governance. The focal areas of our monitoring activities were the lawfulness and orderliness, appropriateness and cost-effectiveness of the business administration and Group management, with a strong focus on dealing with the effects of the COVID-19-pandemic. This will be considered in further detail elsewhere in the report.

The Executive Board reported to us regularly, promptly and comprehensively by way of written and verbal reports within and outwith meetings. The reports contained all relevant information on strategy development, liquidity development, planning, business performance over the course of the year and the situation of the Group, on the risk situation and risk management, on compliance as well as on reports from the capital markets (e.g. from analysts) and the press. Aside from the effects of the Boeing grounding and Brexit, key topics in the reports and discussions since March of this year overall have been the handling and the consequences of the COVID-19-pandemic. In this context, we have been discussing the significant business transactions for the company as well as the company's further development with the Executive Board. The Supervisory Board was involved in all decisions that were of fundamental importance to the company in good time. We passed all resolutions required by law, the Articles of Association or the Terms of Reference subject to taking relevant advice. To that end, we regularly made the necessary preparations on the basis of documents that the Executive Board provided in advance to the Supervisory Board and its committees. The Executive Board also notified the Supervisory Board of any urgent matters between the scheduled meetings. 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 the Supervisory Board meetings.

## Discussions within the Supervisory Board and its Committees

Prior to the Supervisory Board meetings, the representatives of the shareholders and the employees would convene their own separate preparatory meetings, in which members of the Executive Board regularly took part. Discussions of the Executive Board matters and Supervisory Board matters take place without the members of the Executive Board, unless the members of the Supervisory Board request otherwise. Additionally, each member of the Supervisory Board may request at any time that a meeting be held without the attendance of the members of the Executive Board.

Alongside the plenary meeting, a total of four committees were existent in the past financial year, namely the Presiding Committee, the Audit Committee, the Strategy Committee and the Nomination Committee. The Mediation Committee, which is required under section 27 (3) German Co-Determination Act (Mitbestimmungsgesetz), did not need to convene. The chairpersons of the committees report regularly and

comprehensively on the work of the committees within the ordinary Supervisory Board meetings. In the context of applying for further stabilisation measures, the Supervisory Board set up a special committee via a resolution dated 15 September 2020 to guarantee that a final resolution on the approved stabilisation measure could be passed. Dr Zetsche, Mr Frank Jakobi and Prof. Edgar Ernst sit on the committee.

As in previous years, we enjoyed a constantly high attendance rate at our meetings, with a very high number of meetings taking place in financial year 2020. Attendance averaged 97.1 % (prior year: 93.5 %) at the plenary meetings and 98.8 % (prior year: 97.3 %) on the committees. In financial year 2020, all members of the Supervisory Board attended considerably more than half of the meetings of the Supervisory Board and any of its committees of which they are members. Members who were unable to attend meetings generally took part in resolutions by way of voting statements. The timely advance distribution of documents for meeting preparation by the Executive Board and the reduction of handouts to almost zero made it much easier for the Supervisory Board members to prepare for the meetings. Since mid-March 2020, the COVID-19-pandemic has meant that all Supervisory Board meetings have been held as telephone or videoconferences. If and to the extent that it is justified by travel recommendations and rules, and taking account of the risk to health, the Supervisory Board meetings will as a rule again be organised as physical face-to-face meetings.

## Attendance at meetings of Supervisory Board financial year 2020

### Attendance at meetings of Supervisory Board financial year 2020

Name	Supervisory Board meetings	Presiding committee	Audit committee	Nomination committee	Strategy committee
Dr Dieter Zetsche (Chairman)	14 (14)	8 (8) <sup>1</sup>	7 (7)	1 (1)	4 (4)
Frank Jakobi (deputy Chairman)	14 (14)	8 (8)	3 (3)		4 (4)
Peter Long (deputy Chairman)	14 (14)	8 (8)		1 (1)	4 (4) <sup>1</sup>
Ingrid-Helen Arnold	10 (10)				
Andreas Barczewski	14 (14)		7 (7)		
Peter Bremme	13 (14)	8 (8)			
Prof. Dr Edgar Ernst	14 (14)		7 (7) <sup>1</sup>		4 (4)
Wolfgang Flintermann	14 (14)				
Maria Garaña Corces	9 (10)				
Angelika Gifford	14 (14)	8 (8)			4 (4)
Valerie Frances Gooding	4 (4)				3 (3)
Stefan Heinemann	2 (2)				
Dr Dierk Hirschel	14 (14)		7 (7)		
Janis Carol Kong	4 (4)		3 (3)		
Vladimir Lukin	14 (14)		4 (4)		
Coline Lucille McConville	14 (14)		6 (7)		
Alexey A. Mordashov	8 (14)	6 (8)		1 (1)	4 (4)
Michael Pönipp	14 (14)	3 (3)	7 (7)		
Carola Schwirn	14 (14)				
Anette Strempel	14 (14)	8 (8)			
Ortwin Strubelt	11 (11)	5 (5)	4 (4)		
Joan Trían Riu	14 (14)				
Stefan Weinhofer	14 (14)				
<b>Percentage of meetings attended</b>	<b>97.1</b>	<b>96.9</b>	<b>98.2</b>	<b>100.0</b>	<b>100.0</b>
<b>Percentage of meetings on committees attended</b>	<b>98.8</b>				

(In brackets: number of meetings held)

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

## Key topics of the Supervisory Board's work

Fourteen Supervisory Board meetings took place. Additionally, five resolutions were passed via the written circulating procedure. The following focal areas were the subject of the individual meetings:

1. At its meeting on 9 October 2019, the Supervisory Board started by looking back on the previous financial year and approved the budget for financial year 2020. A further focal area was the discussion of the Executive Board remuneration, centring first on modifications to the remuneration system and second on parameters of the variable Executive Board remuneration for the previous and current financial year. Additionally, the Supervisory Board reviewed the targets both for its own composition and that of the Executive Board. Finally, we were presented with reports on the progress of the markets and domain transformation.
2. The meeting on 11 December 2019 started with a discussion of the financial statements of the Group and of TUI AG, each issued with an unqualified audit certificate by the auditor, the combined management report for the Group and TUI AG, the report of the Supervisory Board, the corporate governance report and the remuneration report. The auditor also attended this meeting. The Audit Committee had already engaged extensively with these reports on the previous day. Following its own review, the Supervisory Board approved the auditor's audit result. We then approved the financial statements produced by the Executive Board and the combined management report for TUI AG and the Group. The annual financial statements for 2019 were thus approved. Further, the Supervisory Board approved the report of the Supervisory Board, the corporate governance report and the remuneration report. A resolution on the agenda for the ordinary Annual General Meeting 2020 was also passed. In this context, the proposals made to the Annual General Meeting to appoint Ms Ingrid-Helen Arnold and Ms Maria Garaña Corces to the seats on the Supervisory Board being vacated by Ms Valerie Gooding and Ms Janis Kong were discussed and approved. As part of the Executive Board matters, the Supervisory Board extended the service agreement of Mr Joussen by a further five years, discussed extensions for further Executive Board members and, following intensive discussions, approved an amendment of the remuneration system with retrospective effect for financial year 2020, among other things. We further approved a revised budget for financial year 2020, which takes more detailed account of the effects of the Thomas Cook insolvency as well as the impacts of the ongoing grounding of the Boeing 737 Max, and discussed a correspondingly amended plan for financial years 2021 and 2022. We further received a report of the current state of the integration of Hapag-Lloyd Cruises into the TUI Cruises joint venture.
3. The Supervisory Board approved the reference values for the JEV of the members of the Executive Board for financial year 2020 in a written circulating procedure on 19 December 2019.
4. At the extraordinary meeting on 5 February 2020, the Supervisory Board approved the sale of all shares and ships of Hapag-Lloyd Kreuzfahrten GmbH to TUI Cruises GmbH, after it had comprehensively and conclusively considered the aspects of financing, dividend payments and synergy potential.
5. At the meeting on 10 February 2020, we heard reports on the current financial year and the discussed the interim financial statements of the first quarter as of 31 December 2019. Additionally, the Supervisory Board considered the organisational preparations for the Annual General Meeting and the new appointments to the committees following the departure of Ms Gooding and Ms Kong. In accordance with the stipulations of the newly passed German Corporate Governance Code (GCGC), the Supervisory Board also resolved not to credit any board functions exercised by the Executive Board members outside the Group to their remuneration. Alongside the personnel and social report, we received a report on sustainability in the Group and an update on the current status of the grounding of the Boeing 737 Max. Additionally, the Supervisory Board approved the new issue of employee shares as part of the one-Share employee share programme for the financial year as well as the acquisition or lease of two Boeing 787-9-type aircraft for the long-haul business.
6. An extraordinary meeting on 3 March 2020 was the first occasion at which the Supervisory Board engaged more intensively with the initial impacts of the global spread of the COVID-19-pandemic and its potential consequences for the company and the tourism sector as a whole.
7. At a second extraordinary meeting on the emerging COVID-19-pandemic on 16 March 2020, the Supervisory Board considered the effect of the travel restrictions that came into effect at short notice over the weekend of 14/15 March 2020. The consequence of these restrictions was the almost complete shutdown of operative business and, on the evening of 15 March 2020, the Executive Board announced that it would be making an application for state assistance to the Kreditanstalt für Wiederaufbau (KfW). As well as the retraction of the forecast for financial year 2020, we discussed in detail potential measures for safeguarding liquidity and the necessary steps in the process for the grant of state assistance.
8. At a further extraordinary meeting on 26 March 2020, the Supervisory Board again considered the consequences of the COVID-19-pandemic. Alongside internal cost-reduction measures and strict liquidity management, we looked extensively at the current situation regarding the grant of state assistance and the associated conditions and approved a corresponding application.
9. The Supervisory Board approved the conclusion of the first process for the approval of German state assistance by way of a written circulating procedure on 1 April 2020.
10. At the extraordinary meeting on 28 April 2020, we received an update on the current situation of the company following the receipt of the state bridging loan. We had intensive discussions on measures for safeguarding and mobilising liquid funds based on different scenarios concerning the repayment claims for customer payments and potential reductions in capacity of the airlines. Additionally, the Executive Board reported on the progress of the execution of the Hapag-Lloyd transaction as well as the digitalisation of business operations.

11. On 12 May 2020, the Executive Board reported on the current financial year 2020, following which the Q2 quarterly financial statements and the half-yearly financial report 2020 were discussed. Issues within the Executive Board matters included the approval of Mr Ebel's appointment and service agreement until 30 November 2021. The Executive Board further notified the Supervisory Board that it would voluntarily waive 30% of its fixed remuneration for the months of April and May. Additionally, the Supervisory Board considered the constitution of the Executive Board and the implementation of the reinsurance of pension claims, which is partly approved contractually, for affected members of the Executive Board. Alongside an update on the new version of the GCGC and an update on the liquidity status, the Supervisory Board was given an update on the effects of the COVID-19-pandemic and the development of a concept for the resumption of commercial operations. The Supervisory Board further approved the conferral of commercial powers of attorney.
12. At its extraordinary meeting on 20 May 2020, the Supervisory Board was given an extensive report on the successful conclusion of a compensation agreement with Boeing.
13. In the context of the announcement on the lifting of the Europe-wide travel restrictions, the Supervisory Board considered the measures for the resumption of business operations and the financial consequences for the company at its extraordinary meeting on 9 June 2020. The focus here was on the grant of further German state assistance and the indebtedness and reduction of the capacities at TUIfly GmbH.
14. After the Supervisory Board had again been notified of the current status regarding the effects of the COVID-19-pandemic at its extraordinary meeting on 7 July 2020, we looked at how to fill the vacancy on the Supervisory Board, the Presiding Committee and the Audit Committee created by the departure of Mr Strubelt. The Group Works Council suggested Mr Stefan Heinemann as a Supervisory Board member to be appointed by the court, and the Supervisory Board chose Mr Pönipp as a new member of the Presiding Committee and Mr Jakobi as a new member of the Audit Committee.
15. The framework conditions for the receipt of a further stabilisation package in the form of an increase of the existing KfW credit line and the issue of a convertible bond to the WSF were discussed and approved accordingly at the extraordinary meeting on 12 August 2020.
16. On 13 August 2020, the Supervisory Board approved by way of a written circulating procedure the increase of the share capital of TUI AG in order to issue employee shares in the scope of the "oneShare 2020" employee share programme and corresponding amendment of article 4 of the Articles of Association.
17. In a further written circulating procedure, the Supervisory Board approved corresponding supplementary agreements for the implementation of the reinsurance of the pension obligations for the Executive Board under insolvency law contractually guaranteed in the service agreements of the members of the Executive Board in question (Dr Eller, Mr Ebel and Mr Rosenberger) on 1 September 2020.
18. Over the course of the two-day meeting, the Supervisory Board started by discussing the Liquidity and Financial Profile and then the draft budget for financial year 2021 and the plan for financial years 2022 and 2023 on 15 September 2020. We then approved the conclusion of a framework agreement with the WSF on the grant of a stabilisation measure and a transfer agreement on the issue of convertible bonds. We also set up a committee and authorised it to decide on the final conditions for the stabilisation measure. In the course of the Executive Board matters, we approved the conclusion of supplementary contracts that implement the requirements concerning Executive Board remuneration from the framework agreement with the WSF. We also discussed the reference values and targets for the JEV for the coming financial year 2021 against the backdrop of the current challenges. Additionally, we decided to retain the target for the quota of women on the Executive Board at one woman. In terms of the Supervisory Board matters, we considered the implementation of the partial waiver of the fixed remuneration as well as the self-assessment of the effectiveness of our committee that was carried out on the basis of a questionnaire in September. On the following strategy day, the Supervisory Board heard and intensively discussed extensive reports on the progress of the transformation from the markets, in the field of IT, the airlines and from the sector of holiday experiences – Hotels, Cruises and Destination Experiences.
19. On 29 September 2020, the Supervisory Board approved the reference values and targets for the JEV of the Executive Board members as announced for the coming financial year 2021 via a written circulating procedure.

### Presiding Committee

The Presiding Committee is responsible for Executive Board matters (including succession planning, appointment, terms of the employment contracts, remuneration, proposals for the remuneration system). Additionally, the Presiding Committee prepares the meetings of the Supervisory Board. Eight meetings were held in the reporting period.

The members of the Presiding Committee are/were:

- Dr Dieter Zetsche (Chairman)
  - Peter Bremme
  - Angelika Gifford
  - Frank Jakobi
  - Peter Long
  - Alexey Mordashov
  - Michael Pönipp (since 7 July 2020)
  - Anette Strempel
  - Ortwin Strubelt (until 30 June 2020)
1. At the meeting on 9 October 2019, the Presiding Committee considered Executive Board matters. These included discussions on various topics to do with Executive Board remuneration for the previous and current financial year.

2. As part of the Executive Board matters on 11 December 2019, the Presiding Committee recommended that the Supervisory Board extended the appointment and service agreement of Mr Joussen and prepared a proposed resolution on the adjustment of the remuneration system.
3. At its meeting of 10 February 2020, the Presiding Committee submitted a proposed resolution for the new appointment of Mr Lukin to the Audit Committee. Additionally, due to the newly published GCGC, it was recommended that the remuneration for existing positions on non-Group boards should not be credited to the Executive Board remuneration. Further, the Presiding Committee discussed the potential extension of Mr Ebel's appointment and service agreement.
4. At its extraordinary meeting on 3 April 2020, the Presiding Committee approved the recommendation of a one-year extension of Mr Ebel's service agreement and appointment and considered the composition of the Executive Board in general. Additionally, the Presiding Committee discussed the further handling of the COVID-19-pandemic and the corresponding effects by the Supervisory Board.
5. At its meeting on 12 May 2020, the Presiding Committee again discussed the composition and constitution of the Executive Board and considered a provisional calculation of the variable remuneration components of the members of the Executive Board for the current financial year 2020. The Presiding Committee also discussed a financial contribution of the Supervisory Board for the financial year 2020.
6. In terms of the Executive Board matters, the Presiding Committee started its extraordinary meeting on 20 July 2020 by discussing the Executive Board remuneration against the backdrop of the effects of the COVID-19-pandemic as well as a proposed resolution for the reinsurance of the pension obligations for the Executive Board under insolvency law contractually guaranteed in the service agreements of the Executive Board members in question. Additionally, the Presiding Committee considered the organisation of work of the Executive Board and the cooperation with the Supervisory Board. Alongside an assessment of Mr Rosenberger's target achievement and performance in the context of the drive for the markets and domain transformation, the Presiding Committee discussed any contractual extensions of the Executive Board pending in the foreseeable future.
7. At its meeting on 15 September 2020, the Presiding Committee again considered the durations of the current Executive Board contracts and then discussed proposed resolutions on the agreement of addenda to the service agreements that implement the provisions of the framework agreements with the WSF as regards Executive Board remuneration. Additionally, the parameters for the annual performance-based remuneration of the Executive Board for the coming financial year 2021 were discussed pursuant to the GCGC and the retention of the quota of women on the Executive Board until 2023 was recommended. The Presiding Committee then discussed the implementation of the voluntary partial waiver of Supervisory Board remuneration as well as the self-assessment of the effectiveness of the Supervisory Board.
8. At an extraordinary meeting on 25 September 2020, the Presiding Committee proposed Mr Ebel as the successor to Ms Conix as CFO and prepared a formal resolution recommendation for the reference values and targets for the JEV of the Executive Board for the financial year 2021 and approved the adequacy of the Executive Board remuneration for the financial year 2020.

#### AUDIT COMMITTEE

The members of the Audit Committee are/were:

- Prof. Dr Edgar Ernst (Chairman)
- Andreas Barczewski
- Dr Dierk Hirschel
- Frank Jakobi (since 7 July 2020)
- Janis Kong (until 11 February 2020)
- Vladimir Lukin (since 11 February 2020)
- Coline McConville
- Michael Pönipp
- Ortwin Strubelt (until 30 June 2020)
- Dr Dieter Zetsche

Seven ordinary Audit Committee meetings were convened over the financial year. For details of the Audit Committee's remit and the subject areas on which it consulted and passed resolutions, please refer to page 19.

#### NOMINATION COMMITTEE

The Nomination Committee proposes suitable candidates from the shareholders to the Supervisory Board, which in turn proposes election candidates to the Annual General Meeting or for appointment by the local court.

The members of the Nomination Committee, which met once, are/were:

- Dr Dieter Zetsche (Chairman)
- Peter Long
- Alexey Mordashov

At the meeting on 10 December 2019, the Nomination Committee discussed the resolution recommendation made to the Supervisory Board whereby Ms Ingrid-Helen Arnold and Ms Maria Garaña Corces would be recommended to the Annual General Meeting 2020 for election as successors on the Supervisory Board to Ms Valerie Gooding and Ms Janis Kong. Ms Valerie Gooding and Ms Janis Kong stood down from the Supervisory Board at the close of the Annual General Meeting on 11 February 2020.

## STRATEGY COMMITTEE

The task of the Strategy Committee is to advise the Executive Board on the development and implementation of the Group strategy. A total of four meetings of the committee were convened in the financial year.

The members of the Strategy Committee are/were:

- Peter Long (Chairman)
- Angelika Gifford
- Valerie Gooding (until 11 February 2020)
- Frank Jakobi
- Prof. Dr Edgar Ernst
- Alexey Mordashov
- Dr Dieter Zetsche

1. At its meeting on 8 October 2019, live presentations gave the committee an impression of the functioning and progress of the One Purchasing and Customer Experience platforms, which the committee subsequently discussed.
2. On 10 December 2019, the Strategy Committee was initially given an update in respect of the Thomas Cook insolvency. The progress of the markets and domain transformation as well as a comparison of the TUI websites in the German and English source market was then discussed. This concerned the optimisation of the digital customer experience and the generation of corresponding traffic on the pages.
3. The committee considered a further update on the implementation of the markets and domain transformation on 10 February 2020. Additionally, the extent to which customer requirements were analysed and correspondingly fulfilled was discussed.
4. At its meeting on 11 May 2020, the Strategy Committee discussed the work streams set up as a consequence of the COVID-19-pandemic and then engaged with the measures for resuming business operations.

## CORPORATE GOVERNANCE

The TUI AG share has its first quotation on the London Stock Exchange in the United Kingdom. The constitution of TUI AG as a stock corporation under German law naturally means in this context that the Supervisory Board needs to address both German and British corporate governance regularly and extensively. As well as mandatory compliance with the stipulations of the German Stock Corporation Act (AktG), the German Codetermination Act (MitbestG), the Listing Rules and the Disclosure and Transparency Rules, in the course of the merger TUI AG declared that it would comply with both the German Corporate Governance Code as well as – as far as practicable – the UK Corporate Governance Code (UK CGC).

For the GCGC, the basic form of which derives among other things from the AktG, we were able to provide the Executive Board with the unlimited Declaration of Conformity 2020 in accordance with section 161 AktG. Conversely, there were derogations from the UK CGC, which are primarily to do with the conceptual difference between the monistic governance system of a public listed company in the United Kingdom (known as a one-tier board) and the dualistic governance system of Executive Board and Supervisory Board in the German Aktiengesellschaft (known as a two-tier board) under German law.

Further information on corporate governance, the Declaration of Conformity 2020 pursuant to section 161 AktG and the declaration on the UK CGC can be found in the report on corporate governance jointly produced by the Executive Board and the Supervisory Board in this management report (page 106) and on the TUI AG website.

## Conflicts of interest arising

The Supervisory Board constantly monitored the occurrence of conflicts of interest in the current financial year and established that no conflict of interest arise in financial year 2020.

## Annual and Group audit of TUI AG and the TUI Group

The Supervisory Board reviewed whether the annual and Group audit as well as the further financial reports complied with the applicable requirements. The annual audit of TUI AG prepared by the Executive Board in accordance with the rules of the German Commercial Code (HGB), the combined management report of TUI AG and the TUI Group as well as the Group audit prepared on the basis of the International Financial Reporting Standards (IFRS) for the financial year 2020 were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, and an unqualified audit certificate issued for each. The specified documents, the proposal of the Executive Board to utilise the net profit available for distribution and the audit reports of the auditor were submitted to all members of the Supervisory Board in good time. We dealt with them in depth at the Audit Committee meeting on 1 December 2020 and at our accounts meeting on 2 December 2020 at which the Executive Board explained the financial statements to us in detail. At this meeting, the chairman of the Audit Committee and the auditor reported on the outcome of their audits, the focal areas of which had been specified in advance with the Audit Committee for the reporting year. Neither the auditor nor the Audit Committee identified any weaknesses of the early warning system and internal control system. After our own review of the annual financial statements, the Group accounts and the combined management report, we had no occasion to raise any objections and therefore agree with the Executive Board's assessment of the situation of TUI AG and the TUI Group. At the recommendation of the Audit Committee, we approve the financial statements for financial year 2020; the annual accounts of TUI AG are therefore approved.

## Composition of Executive Board and Supervisory Board

The composition of the Executive Board and Supervisory Board as at 30 September 2020 can be found in the overviews on page 102 for the Supervisory Board or page 104 for the Executive Board.

### SUPERVISORY BOARD

Ms Valerie Gooding and Janis Kong stood down from the Supervisory Board at the close of the Annual General Meeting 2020. At the same Annual General Meeting, Ms Ingrid-Helen Arnold and Ms María Garaña Corces were elected as members of the Supervisory Board of TUI AG for a term of four years. Further, Mr Ortwin Strubelt stood down from the Supervisory Board on 30 June 2020. Mr Stefan Heinemann was appointed to the Supervisory Board by the court as representative of the employees on 21 July 2020.

### PRESIDING COMMITTEE

Mr Ortwin Strubelt stood down from the Supervisory Board and thus also from the Presiding Committee on 30 June 2020. The Supervisory Board elected Mr Michael Pönipp as the fourth employees' representative on the Presiding Committee.

### AUDIT COMMITTEE

Ms Kong stood down from the Supervisory Board and thus also from the Audit Committee at the close of the Annual General Meeting 2020. The Supervisory Board elected Mr Vladimir Lukin to the Audit Committee to fill the vacancy. After the departure of Mr Strubelt on 30 June 2020, the Supervisory Board elected Mr Frank Jakobi to fill the vacancy that had arisen on the Audit Committee.

### STRATEGY COMMITTEE

After Ms Gooding stood down from the Supervisory Board and thus also the Strategy Committee at the close of the Annual General Meeting 2020, the Supervisory Board decided to consider a potential successor at a future point in time.

### EXECUTIVE BOARD

In financial year 2020, Ms Conix announced that she would not renew her service agreement, which expires on 14 July 2021. After intensive discussions, 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 responsible for the areas of Strategy, M&A, Airlines and Joint Ventures with effect from 1 January 2021.

### Dedication

The Supervisory Board would like to thank all employees of the TUI Group for their immense hard work that has carried TUI through a financial year with unprecedented challenges. Given the huge uncertainties in 2020, their commitment and trust in the management and in us is a remarkable achievement. Additionally, I would like to thank the German government in the name of the entire Supervisory Board for their financial support and the corresponding fundamental trust in our business model.

Hanover, 9 December 2020

On behalf of the Supervisory Board



Dr Dieter Zetsche  
Chairman of the Supervisory Board