



02 CORPORATE GOVERNANCE

- 114 Executive Board and Supervisory Board
- 117 Corporate Governance Report

Wine growing has a long history on the volcanic island Lanzarote. And yet more and more land-owners are pulling out of this laborious activity. Working with local partners, the TUI Care Foundation is keeping tradition alive, combined with organic cultivation techniques to protect the natural landscape.



READ MORE ABOUT SUSTAINABILITY AT TUI IN THE MAGAZINE UNDER "TAKING RESPONSIBILITY"

EXECUTIVE BOARD AND SUPERVISORY BOARD

SUPERVISORY BOARD

Name	Function/Occupation	Location
Prof. Dr Klaus Mangold	Chairman of the Supervisory Board of TUI AG Chairman of the Supervisory Board of Rothschild GmbH	Stuttgart
Frank Jakobi¹	Deputy Chairman of the Supervisory Board of TUI AG Travel Agent	Hamburg
Sir Michael Hodgkinson	Deputy Chairman of the Supervisory Board of TUI AG	London
Andreas Barczewski¹	Aircraft Captain	Hanover
Peter Bremme¹	Regional Head of the Special Division of ver.di – Vereinte Dienstleistungsgewerkschaft	Hamburg
Prof. Dr Edgar Ernst	President of Deutsche Prüfstelle für Rechnungslegung (DPR)	Berlin
Wolfgang Flintermann (since 13 June 2016)¹	Director Financial Accounting Group at TUI AG	Großburgwedel
Angelika Gifford (since 9 February 2016)	Vice President Hewlett Packard Enterprise and Director Software Germany	Kranzberg
Valerie Gooding	Member of supervisory bodies in different companies	Weybridge
Dr Dierk Hirschel¹	Business unit manager of the trade-union ver.di – Vereinte Dienstleistungsgewerkschaft	Berlin
Janis Kong	Member of supervisory bodies in different companies	London
Peter Long (since 9 February 2016)	Chairman Royal Mail Group PLC	London
Coline McConville	Member of supervisory bodies in different companies	London
Alexey Mordashov (since 9 February 2016)	Chairman Board of Directors of PAO Severstal	Moscow
Michael Pönipp¹	Hotel Manager	Hanover
Timothy Powell (until 9 February 2016)	Member of supervisory bodies in different companies	London
Wilfried H. Rau¹ (deceased on 30 March 2016)	Director Group Audit	Hanover
Carmen Riu Güell	Managing Director RIUSA II S.A.	Palma de Mallorca
Carola Schwirn¹	Department Coordinator in the Transportation Division of ver.di – Vereinte Dienstleistungsgewerkschaft	Berlin
Maxim Shemetov (until 9 February 2016)	Head of Investment Management, Travel Sector, ZAO Sever Group	Moscow
Anette Strempel¹	Travel Agent	Hemmingen
Prof. Christian Strenger (until 9 February 2016)	Member of supervisory bodies in different companies	Frankfurt/Main
Ortwin Strubelt¹	Travel Agent	Hamburg
Stefan Weinhofer¹ (since 9 February 2016)	International Employee Relations Coordinator at TUI AG	Wien
Marcell Witt¹	Referee of Group and European works council of TUI AG	Hanover

¹ Representative of the employees

² Information refers to 30 September 2016 or date of resignation from the Supervisory Board of TUI AG in financial year 2015/16.

³ Chairman

a) Membership in supervisory boards within the meaning of section 125 of the German Stock Corporation Act (AktG)

b) Membership in comparable German and non-German bodies of companies within the meaning of section 125 of the German Stock Corporation Act (AktG)

Initial Appointment	Appointed until AGM	Other Board Memberships ²		Number of TUI AG shares (direct and indirect) on 30 September 2016/ Date of withdrawal
7 Jan 2010	2021	a) Continental AG	b) Alstom S.A. Baiterek Holding JSC Ernst & Young Rothschild GmbH ³	0
15 Aug 2007	2021			590
11 Dec 2014	2021	b) Keolis (UK) Limited ³ Keolis Amey Docklands Ltd. World Airport Partners GmbH		7,980
10 May 2006	2021	a) TUIfly GmbH		0
2 Jul 2014	2021	a) TÜV Nord AG		0
9 Feb 2011	2021	a) Deutsche Postbank AG DMG Mori AG VONOVIA SE		0
13 Jun 2016	2021	a) TUI Deutschland GmbH Deutscher Reisepreis- Sicherungsverein V.V.a.G.		0
26 Mar 2012	2021	a) ProSiebenSat1 Media SE	b) Rothschild & Co	4,100
11 Dec 2014	2020	b) Premier Farnell ³ Vodafone PLC		994
16 Jan 2015	2021	a) DZ-Bank AG		0
11 Dec 2014	2020	b) Bristol Airport Ltd. Copenhagen Airport	Portmeirion Group PLC South West Airports Ltd.	5,985
9 Feb 2016	2021	b) Royal Mail Group PLC ³ Countrywide PLC	Parques Reunidos Servicios Centrales S.A.	1,207,317
11 Dec 2014	2020	b) Fevertree Drinks PLC Inchape PLC	Travis Perkins PLC	0
9 Feb 2016	2021	b) AO „Severstal Management“ ³ OAO „Power Machines“ ³	ZAO SVEZA ³ Nordgold N.V.	113,790,116
17 Apr 2013	2021	a) TUI Deutschland GmbH MER-Pensionskasse V.V.a.G.	b) TUI BKK	292
11 Dec 2014		b) Computacenter PLC Supergroup PLC		2,749
3 Dec 2014		a) TUI Deutschland GmbH		
14 Feb 2005	2021	b) Hotel San Francisco S.A. Productores Hoteleros Reunidos S.A.	Riu Hotels S.A. RIUSA II S.A.	19,854,616
1 Aug 2014	2021			0
14 Mar 2014				0
2 Jan 2009	2021			1,280
9 Feb 2011		a) Deutsche Asset & Wealth Management Investment GmbH ItN Nanovation AG	b) The Germany Funds, Inc. ³	0
3 Apr 2009	2021			3,355
9 Feb 2016	2021		b) TUI Austria Holding GmbH	0
16 Jan 2015				1,850

EXECUTIVE BOARD¹

Name	Department	Other Board Memberships		Number of TUI AG shares (direct and indirect) on 30 Sep 2016/ Date of withdrawal
Friedrich Jousen (Age 53) Member of the Executive Board since Oct 2012, CEO of the Executive Board from Feb 2013, Joint-CEO since December 2014 CEO since February 2016 Current appointment until October 2020	CEO			278,081
Peter Long (Age 64) Member of the Executive Board since 2007, Joint-CEO December 2014 until February 2016	Joint-CEO		b) Royal Mail Group PLC ²	1,207,317
Horst Baier (Age 59) Member of the Executive Board since 2007 Current appointment until November 2018	Finance	a) TUI Deutschland GmbH ²	b) RIUSA II S.A. ² TUI Canada Holdings Inc. Sunwing Travel Group Inc.	40,717
David Burling (Age 48) Member of the Executive Board since June 2015 Current appointment until May 2018	Northern Region Airlines Hotel Purchasing	b) TUI Travel Holdings Ltd. TUI Travel Ltd. First Choice Holidays Ltd. Sunwing Travel Group Inc. Thomson Travel Group (Holdings) Ltd. TTG (Jersey) Ltd.	TUI Travel Overseas Holdings Ltd. TUI Canada Holdings Inc. TUI Northern Europe Ltd. TUI Travel Group Management Services Ltd. TUI UK Ltd. TUI UK Transport Ltd.	18,300
Sebastian Ebel (Age 53) Member of the Executive Board since December 2014 Current appointment until November 2017	Central Region Hotels Cruises TUI Destination Services IT	a) TUI Cruises GmbH TUIfly GmbH BRW Beteiligungs AG Eintracht Braunschweig GmbH & Co KG ² Eves Information Technology AG ²	b) RIUSA II S.A. TUI Spain S.A.	250
Dr Elke Eller (Age 54) Member of the Executive Board since October 2015 Current appointment until October 2018	Human Resources Personnel Director	a) Nord LB TUI Deutschland GmbH TUIfly GmbH TUI Nederland N.V.		12,545
William Waggott (Age 53) Member of the Executive Board December 2014 until June 2016	Specialist Group Hotelsbeds Group	b) TUI Nederland N.V. TUI Nederland Holding N.V.		1,089

¹ Information refers to 30 Sep 2016 or date of resignation from the Executive Board in financial year 2015/16.

² Chairman

a) Membership in Supervisory Boards required by law within the meaning of section 125 of the German Stock Corporation Act (AktG)

b) Membership in comparable Boards of domestic and foreign companies within the meaning of section 125 of the German Stock Corporation Act (AktG)

CORPORATE GOVERNANCE REPORT

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

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

The Executive Board and the Supervisory Board comprehensively discussed Corporate Governance issues in financial year 2015/16. In this chapter, the Executive Board and the Supervisory Board provide their report on Corporate Governance in the Company pursuant to subsection 3.10 of the German Corporate Governance Code (the German Code, DCGK) and section 289a of the German Commercial Code (HGB) as well as Disclosure and Transparency Rule (DTR) 7.2 and Listing Rule (LR) 9.8.7R.

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

In December 2016, the Executive Board and the Supervisory Board jointly submitted the declaration of compliance for 2016 pursuant to section 161 of the German Stock Corporation Act. The declaration was made permanently accessible to the general public on TUI AG's website in December 2016.

⊕ www.tuigroup.com/de-de/investoren/corporate-governance

WORDING OF THE DECLARATION OF COMPLIANCE FOR 2016

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

The recommendations of the German Corporate Governance Code in its version of 5 May 2015 have been fully observed since the last annual declaration of compliance was submitted in December 2015."

2. Declaration of Compliance pursuant to DTR 7.2 and LR 9.8.7R

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

⊕ www.dcgk.de/en/code.html

At the time of the merger TUI AG had announced it would comply with the UK Corporate Governance Code (the UK Code)

⊕ <https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf>

to the extent practicable. In many respects, the requirements of the German Code and the UK Code are similar. However, there are certain aspects which are not compatible (in some cases due to the different legal regimes for German and UK companies). Therefore some deviations from 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 (as explained in the merger documentation; see below section Functioning of the Executive and Supervisory Board). 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, TUI AG has set out below circumstances where it considers not to comply with the UK Code. TUI AG has also explained those instances where it considers not to be compliant with the UK Code in the literal or legal sense but where TUI AG is convinced that it complies with the spirit and meaning of the UK Code. Sub-headings refer to sections of the UK Code for ease of reference for investors.

Pursuant to DTR 7.2 and LR 9.8.7R, the Executive Board and the Supervisory Board therefore declare as follows:

WORDING OF THE UK CORPORATE GOVERNANCE STATEMENT

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

IDENTIFICATION OF SENIOR INDEPENDENT DIRECTOR (A1.2, A4.1)

Under German law and the German Code, 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, with respect to certain matters, 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, in exceptional cases, the Chairman of the Supervisory Board or any of his Deputies. Sir Michael Hodgkinson, who was the Deputy Chairman and Senior Independent Director of TUI Travel PLC before the merger, was re-elected as Second Deputy Chairman of the Supervisory Board of TUI AG in February 2016 alongside Frank Jakobi (First Deputy Chairman who, under the German Co-Determination Act, must be an Employee Representative).

DIVISION OF RESPONSIBILITIES – CHAIRMAN & CHIEF EXECUTIVE (A2.1)

The separation of the roles of the Chairman of the Supervisory Board (Prof. Klaus Mangold) and the CEO (Friedrich Joussem) is clearly defined under German law as part of the two-tier board structure. Therefore, no further division of responsibilities is required and both the Executive Board and the Supervisory Board consider that TUI AG complies with the spirit of the UK Code.

INDEPENDENCE OF SUPERVISORY BOARD MEMBERS (B1.1)

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. As explained above, 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 employee representatives on the Supervisory Board (for a detailed explanation of shareholder and employee representations and the underlying considerations, please see below).

The Supervisory Board has determined that six of its nine shareholder representative members (excluding the Chairman, as required by the UK Code) are independent for the purposes of the UK Code. The shareholder representatives of the Supervisory Board considered to be independent are: Prof. Edgar Ernst, Valerie Gooding, Sir Michael Hodgkinson, Janis Kong, Coline McConville and Angelika Gifford. The Chairman was independent on election in 2011 and re-election in February 2016 and is still considered independent (Prof. Mangold also was independent when he was elected to the Supervisory Board in January 2010).

The members of the Supervisory Board not considered to be independent for the purposes of the UK Code are Carmen Riu Güell, Alexey Mordashov and Peter Long.

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

PERFORMANCE-RELATED PAY

Until the end of financial year 2014, all Supervisory Board members received a performance-related pay element in addition to their fixed pay, as approved by shareholders at the 2013 AGM and in line with a specific recommendation of the German Code at that time.

This recommendation in the German Code has meanwhile been withdrawn, and at the 2016 AGM shareholders approved the replacement of the performance-related pay element with a fixed fee with retroactive effect from the beginning of financial year 2015/16.

SHAREHOLDER AND EMPLOYEE REPRESENTATIVES

The Supervisory Board of TUI AG consists of ten members who are elected by shareholders at AGMs (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.

In TUI AG, only Carmen Riu-Güell and Alexey Mordashov are connected to significant shareholders, namely Riu Hotels (approx. 3.4%) and Alexey Mordashov (approx. 19.3%), respectively. It should also be noted that joint ventures exist between TUI AG and both Riu Hotels S.A. and TUI Russia & CIS (in which a majority controlling interest is held by Mr Mordashov) (for further details see page 109 of the Annual Report). Until his election to the Supervisory Board in February 2016, Peter Long was Co-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. Therefore, neither Ms Riu-Güell nor Mr Mordashov nor Mr Long are considered independent for the purposes of the UK Code.

Therefore, excluding the Chairman (as required by the UK Code), six of the nine shareholder representatives 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. In addition, the employment agreement

of employee representatives may only be terminated in exceptional circumstances.

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

Union representatives are nominated, and employed by, the trade union but are still classified as employee representatives. The trade union representatives are nominated, and may 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 (B1.2)

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

NOMINATION COMMITTEE – COMPOSITION AND RESPONSIBILITIES (B2.1)

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 Rules of Procedure for the Supervisory Board and its Committees (which are equivalent to the Terms of Reference in the UK) the Nomination Committee considers and proposes suitable candidates for election as shareholder representatives on the Supervisory Board by the shareholders at 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.

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 customary in the UK. This approach was also used at the AGM in February 2016. TUI AG intends to continue this practice. Accordingly, the Supervisory Board considers that TUI AG complies with the spirit of the UK Code to the extent practicable.

There is no requirement under German law or the German Code for the majority of the Nomination Committee members to be independent. Of the four members of the Nomination Committee, two are representatives

of significant shareholders (Carmen Riu Güell and Alexey Mordashov) and therefore not independent for the purposes of the UK Code. The remaining two members are Sir Michael Hodgkinson and Prof. Klaus Mangold (Chairman) who are both independent. 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.

The Rules of Procedure for the Supervisory Board and its Committees (including the Audit Committee) are not made available for the public. Therefore TUI AG is not compliant with this provision of the UK Code.

LENGTH OF TENURE FOR NON-EXECUTIVE DIRECTORS (B2.3)

In accordance with German law and common practice, shareholder representatives are generally elected for five-year terms. Employee representatives are also generally appointed for five years. Therefore, neither Executive nor Supervisory Board members are re-elected or re-appointed annually by shareholders. TUI AG therefore does not comply with this provision of the UK Code.

Under the UK Code, any term beyond six years should be subject to rigorous review and no term should extend beyond nine years (as it could affect the independence of the Non-Executive Director). However, in the German Corporate Governance context, a longer length of service is quite normal as Supervisory Board members are usually elected for five years and re-election is common.

NOMINATION COMMITTEE SECTION IN THE ANNUAL REPORT & ACCOUNTS (B2.4)

For the activities of the Nomination Committee, see page 15 which is part of the Chairman's letter to shareholders.

During the year, neither a personnel consultancy nor external advertisements were used to search any potential Supervisory Board members. Succession planning for management members below Executive Board level is carried out by the Executive Board. The Presiding Committee is only responsible for succession planning for the Executive Board.

TERMS & CONDITIONS OF APPOINTMENTS OF NON-EXECUTIVE DIRECTORS (B3.2)

The terms and conditions of Supervisory Board members' appointments follow the provisions of the German Stock Corporation Act and the Articles of Association of TUI AG. The Articles of Association are available on the website at www.tuigroup.com/en-en/investors/corporate-governance.

EXTERNAL NON-EXECUTIVE/CHAIRMAN ROLES (B3.3)

Peter Long was Joint-CEO of TUI AG since the merger from 1 October 2015 until the close of the AGM 2016 on 9 February 2016. From 1 September 2015, Peter Long was also Chairman of Royal Mail PLC. This appointment led to a short period of overlap during which TUI AG was not compliant with the UK Code.

ADVICE AND SERVICES OF THE COMPANY SECRETARY (B5.2)

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 or 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, the CEO, the CFO and the Chairmen of the Audit Committee and the Strategy Committee. Executive and Supervisory Board members also have access to legal advice via the Group Legal Director and 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 complies with the spirit of the UK Code.

BOARD PERFORMANCE EVALUATION (B6)

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 is limited to Supervisory Board members and is performed by means of individual interviews and anonymous reviews. 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 during 2015 by Board Consultants International (Hamburg/Germany). The results

were presented during the meeting of the Supervisory Board in December 2015. Board Consultants International has no other connection with TUI AG.

The appraisal of the Chairman of the Supervisory Board is covered during the external evaluation process and Executive Board members are invited to contribute to the process.

ANNUAL RE-ELECTION BY SHAREHOLDERS AT THE AGM (B7.1)

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, and TUI AG intends to continue this practice.

The end of appointment periods for Supervisory Board members are disclosed in the table following the Chairman's letter on page 114. In respect of the shareholder representatives, the Supervisory Board – based on the recommendations of its Nomination Committee – proposed the re-election of Prof. Klaus Mangold, Sir Michael Hodgkinson, Carmen Riu Güell and Prof. Edgar Ernst to the AGM 2016. Peter Long, Angelika Gifford and Alexey Mordashov were also proposed for election by the shareholders. Biographical details were included in the invitation to the AGM to enable a well-informed decision by the shareholders. Additionally, the curricula vitae of all Executive and Supervisory Board members are published at www.tuigroup.com/en-en/investors/corporate-governance.

Wolfgang Flintermann was appointed as member of the Supervisory Board of TUI AG by the court of registration with effect from 13 June 2016 to replace Wilfried Rau, who had passed away on 30 March 2016.

FAIR, BALANCED AND UNDERSTANDABLE ANNUAL REPORT AND ACCOUNTS (C1.1)

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 (C3.4), the Executive Board is convinced that this ARA satisfies both requirements.

ESTABLISHMENT AND OPERATION OF REMUNERATION COMMITTEE (D2), REMUNERATION (D1)

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 Rules of Procedure, as referred to above.

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.

There are no clawback or malus provisions in the service contracts of Executive Board members. Such provisions would be unusual (and probably unenforceable) in Germany. However, there are different contractual and statutory provisions that may allow for a reduction or forfeiture of remuneration components or allow TUI AG to claim damages from Executive Board members. First, the service contracts of Executive Board members provide for forfeiture of the annual bonus and the LTIP if TUI AG terminates the service contract for cause without notice before the end of the one year performance period in the case of the annual bonus or before the end of the respective performance period of the LTIP. Second, the Supervisory Board may, under certain exceptional circumstances, reduce Executive Board compensation in case of a deterioration of the economic situation of TUI AG. Third, Executive Board members may be liable for damages under the German Stock Corporation Act in case of a breach of their duties of care or fiduciary duties.

See the Directors' Remuneration Report for full details on Executive and Supervisory Board member's remuneration.

→ *Remuneration Report from page 127*

COMPENSATION COMMITMENTS IN EXECUTIVE DIRECTORS' SERVICE CONTRACTS (D1.4)

The principles that apply for departing Executive Directors are detailed in the Directors' Remuneration Report (see page 136). The terms are set out in the Executive Directors' contracts of employment as approved by the Supervisory Board and take into account the various circumstances in which a director may leave. These include maximum limits on the amounts payable on termination. Given that in Germany contracts are issued for a fixed term, termination payments may be greater than the one year recommended in the UK Code. In no case is the amount payable on early termination higher than the amount that would be payable for the outstanding term of the service contract at the time of termination.

NOTICE PERIODS FOR EXECUTIVE DIRECTORS (D1.5)

Executive Board appointments are normally for a fixed term of three to five years and therefore do not comply with the UK Code which stipulates that notice or contract periods should be set at one year or less. However, the contracts include maximum limits on the amounts payable on termination.

→ *See comments on D1.4 and Remuneration Report from page 127*

DIALOGUE WITH SHAREHOLDERS (E1)

It is not common practice in German companies for Supervisory Board members to make themselves available for meetings with major shareholders. This preserves the separation of duties between the Supervisory and Executive Boards. The AGM is considered the appropriate forum for shareholders to raise any topics for discussion. Nevertheless, there is a move in Germany to allow under the German Code for an appropriate exchange on Supervisory Board matters between the Chairman of the Supervisory Board and shareholders. There have been meetings between the Chairman and the Deputy Chairman (shareholder representative) of the Supervisory Board and shareholders and investors in the past (most recently in September 2015).

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 and the Supervisory Board. They contain updates on the share price development, analyses by sellers and feedback and assessments from investors.

The following meetings between management and investors (attended by the Chief Executive Officer and/or the Chief Financial Officer and members of the Investor Relations team, where appropriate) took place during the year ended 30 September 2016:

DIALOGUE WITH SHAREHOLDERS		
Date	Event	Attendees
November 2015	Global Income Corporate Day London	HB
December 2015	Roadshow Edinburgh	FJ, HB
	Roadshow London	FJ, HB
January 2016	German Investment Seminar	HB
	German Corporate Conference	HB
March 2016	Roadshow Amsterdam	HB
April 2016	Barclays Leisure and Transport Conference	HB
	Investor Dinner London	FJ, HB
	MS Roundtable	FJ
May 2016	Roadshow UK	FJ, HB
	Roadshow Copenhagen	HB
	Barclays Select Corporate Day Stockholm	HB
	Roadshow Zurich	HB
June 2016	Roadshow Frankfurt	HB
	Roadshow Paris	HB
	Roadshow US	FJ, HB
	dbAccess German, Swiss and Austrian Conference	HB
	Investor Meeting – Invesco	FJ, HB
August 2016	Coba Sector Conference 2016	HB
September 2016	Berenberg & Goldman Sachs GCC Conference	HB

Key: Friedrich Joussen (FJ), Horst Baier (HB)

Key topics discussed at meetings between shareholders and Executive Board members included:

- Development of business operations in Tourism
- Exogenous impacts on the business model
- Growth strategy of the integrated tourism group

Accordingly, TUI AG considers that it complies with the spirit of the UK Code.

AGM RESOLUTION ON FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS (E2.1)

It is not common practice in Germany to pass a resolution at the AGM to approve the financial statements and consolidated financial statements. Therefore, this was not done at the AGM in 2016 and it is not intended to do so at the AGM in 2017. However, as required by German law the first item on the agenda of TUI AG's AGM is the presentation of the financial statements and consolidated financial statements to the AGM. Under this item, the Executive Board will explain the financial statements and consolidated financial statements and the Chairman will explain, in particular, the report of the Supervisory Board (including this UK Corporate Governance Statement). Shareholders will have the opportunity to raise questions. Questions are typically raised, as is normal in the AGMs

of German companies, and, as a general rule, answers must be provided under German law.

This is the standard practice for a German company and is in full compliance with the German Code. While the lack of a resolution to approve the Annual Report & Accounts is not in compliance with the UK Code, TUI AG considers that the arrangements afford shareholders with sufficient opportunity to raise any questions or concerns that they may have in relation to the Annual Report & Accounts, and to receive answers, in the AGM. Accordingly, the Executive Board and the Supervisory Board consider that TUI AG complies with the spirit of the UK Code to the extent practicable.

CIRCULATION OF AGM DOCUMENTATION TO SHAREHOLDERS (E.2.4)

The 2016 AGM of TUI AG was held on 9 February 2016. As required by German law, the notice convening TUI AG's 2016 AGM (including the agenda and the voting proposals of the Executive Board and the Supervisory Board) was published in the Federal Gazette in Germany on 30 December 2015. Shareholders then had the right under German law to request additional agenda items at any time up to 30 days before the AGM. In accordance with German practice, once this deadline had expired the combined invitation and explanatory notes relating to the AGM were sent to shareholders on 14 January 2016, which was less than the 20 working days before the AGM recommended in the UK Code (but more than the 21 days' notice required by German law). However, in addition to the original publication of the Invitation in the Federal Gazette in Germany, the combined invitation and explanatory notes relating to the AGM was published on TUI AG's website on 30 December 2015. As no additional agenda items were requested by shareholders, this was in the same form as the final combined invitation and explanatory notes relating to the AGM later sent to shareholders. Further, TUI AG's Annual Report and Accounts for the financial year to 30 September 2015 was published on 10 December 2015, significantly more than 20 working days before the 2016 AGM. Accordingly, TUI AG considers that it complied with the spirit of the UK Code requirements. A similar timetable will be followed in relation to the 2017 AGM."

3. 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 five members as at the closing date 30 September 2016. The Executive Board is responsible for managing the Company's business operations in the interests of the Company. The allocation of functions and responsibilities to individual Board members is presented in a separate section.

➔ *For functions, see section Executive Board and Supervisory Board on page 114 et seqq.*

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 2016. The Supervisory Board advises and oversees the Executive Board in the management of the Company. It 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. In the run-up to the Supervisory Board meetings, the representatives of shareholders and employees meet separately.

The Executive Board provides the Supervisory Board at regular meetings and in writing with comprehensive, up-to-date information about the strategy, the budget, business performance and the situation of the Group, including risk management and compliance. The Executive Board works on the basis of terms of reference issued by the Supervisory Board.

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

As at the balance sheet date, 30 September 2016, the Supervisory Board of TUI AG comprised 20 members. The composition of the Supervisory Board in financial year 2015/16 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.

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.

In accordance with the recommendations of the German Corporate Governance Code, the original shareholder representatives were individually elected for five-year terms of office during elections to the Supervisory Board at the relevant General Meetings (October 2014, February 2016). Only Prof. Klaus Mangold and Sir Michael Hodgkinson were older than 68 years when they were elected as members of the Supervisory Board. In both cases, the Supervisory Board deemed it appropriate to deviate from the regular age limit in order for the Company to benefit from Prof. Klaus Mangold's and Sir Michael Hodgkinson's extensive experience in order to complete the integration process and in order to ensure continuity. With Peter Long, a former member of the Executive Board has been a Supervisory Board member since the Annual General Meeting 2016 held on 9 February 2016.

COMMITTEES OF THE SUPERVISORY BOARD AND THEIR COMPOSITION

At 30 September 2016, the balance sheet date, the Supervisory Board had established five committees from among its members to support its work: the Presiding Committee, the Audit Committee, the Nomination Committee, the Integration Committee (until December 2016) and the Strategy Committee (since 9 February 2016).

A Mediation Committee was furthermore established in accordance with section 27 (3) of the German Co-Determination Act.

The Presiding Committee and Audit Committee have eight members each, with an equal number of shareholder representatives (including the respective chairpersons of the committees) and employee representatives. The Presiding Committee prepares, in particular, the appointment of Executive Board members, including the terms and conditions of service contracts and remuneration proposals. The Audit Committee's task is to support the Supervisory Board in exercising its oversight function. The Chairman of the Audit Committee is an independent financial expert and has particular knowledge and experience in the application of accounting principles and internal control methods from his own professional practice.

The Nomination Committee consists exclusively of shareholder representatives, in keeping with the recommendation in the German Corporate Governance Code. The task of its four members is to suggest suitable candidates for the Supervisory Board to propose to the Annual General Meeting.

The Integration Committee was set up to advise and supervise the Executive Board in the integration process following the merger for two years after the merger's completion. It prepares proposals for resolutions for the Supervisory Board but does not have a mandate to take any decisions on behalf of the Supervisory Board. It comprises five shareholder representatives and one employee representative.

The Strategy Committee began its work after the Annual General Meeting 2016. Its task is to comprehensively advise and oversee the Executive Board in developing and implementing the corporate strategy. It prepares the annual strategy offsite meeting for the Supervisory Board, but does not have a mandate to take any decisions on behalf of the Supervisory Board. It comprises five shareholder representatives and one employee representative.

CONFLICTS OF INTEREST

Executive and Supervisory Board members have a duty to act in TUI AG's best interests. In the completed financial year 2015/16, there were no conflicts of interest requiring disclosure to the Supervisory Board. None of the Executive Board or Supervisory Board members has a board role or a consultancy contract with one of TUI's competitors. Peter Long did not take part in the Supervisory Board resolution regarding payment of remuneration entitlements still arising from his Executive Board role adopted on 15 September 2016.

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

At least 30% of the Supervisory Board members were women and at least 30% were men at the balance sheet date. The Supervisory Board was therefore compliant with section 96 (2) sentence 1 of the German Stock Corporation Act. Neither the shareholder nor the employee representatives on the Supervisory Board objected 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 a woman should be recruited to the Executive Board. This objective has been implemented with Dr Elke Eller joining the Executive Board as at 15 October 2015.

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 are to be achieved by 30 June 2017.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

TUI AG shareholders exercise their co-determination and monitoring rights at the Annual General Meeting, which takes place at least once a

year. The AGM takes decisions on all statutory matters, and these are binding on all shareholders and the Company. For voting on resolutions, each share confers one vote.

All shareholders registering in due time are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the AGM in person are entitled to have their voting rights exercised by a bank, a shareholder association, one of the representatives provided by TUI AG and acting on the shareholders' behalf in accordance with their instructions, or some other proxy of their own choosing. Shareholders also have the opportunity of authorising the representative provided by TUI AG via the web in the run-up to the AGM. Shareholders can, moreover, register for electronic dispatch of the AGM documents.

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

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 49

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 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 Prof. Klaus Mangold, Alexey Mordashov, Friedrich Jousen, Horst Baier, Dr Elke Eller and William Waggott of notifiable purchase and sale transactions of TUI AG shares or related financial instruments by directors (directors' dealings or managers' transactions) concerning financial year 2015/16. Details are provided on the Company's website.

Purchase and sales transactions by members of the boards were governed by the TUI Share Dealing Code, adopted by the Executive Board on 16 December 2014 for TUI Group, alongside corresponding statutory provisions. The TUI Share Dealing Code will be adjusted as Regulation (EU) 596/2014 ("Market Abuse Regulation") has entered into force.

Apart from Alexey Mordashov (share ownership: approx. 19.3%), no member of the Executive Board or Supervisory Board holds shares in TUI AG, related options or other derivatives representing 1% or more of the capital stock. Details regarding share ownership of individual members are presented in the table on the Supervisory Board and Executive Board.

→ See from page 114

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 reports are 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 PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hanover, the auditors elected by the 2016 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 risk management and compliance with reporting requirements on corporate governance pursuant to section 161 of the German Stock Corporation Act and Listing Rules 9.8.7 R and 9.8.10.

→ See audit opinion by the auditors on page 269

The condensed consolidated interim financial statements and management reports as at 31 December 2015, 31 March and 30 June 2016 were examined 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 of any grounds for disqualification or partiality as well as of all findings and events of importance arising during the performance of the audit. There were no grounds to provide such information in the framework of the audit of financial year 2015/16.

Compliance

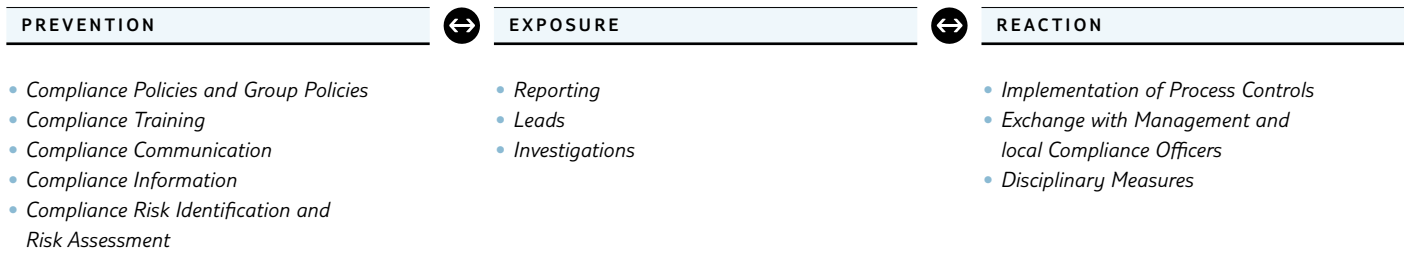
TUI Group's Compliance Management System is a fundamental element of our commitment to commercial, environmental and socially responsible activity and operations. It is underlined by our membership in the UN Global Compact and therefore forms an indispensable part of TUI Group's corporate culture and our corporate governance activities.

The strategic goal of TUI Group's Compliance Management System is to prevent misconduct and avoid liability risks for the Company, its legal representatives, executives and employees and protect the reputation of the Company.

COMPLIANCE MANAGEMENT SYSTEM

TUI Group’s Compliance Management System is based on three pillars: prevention, discovery and response, which, in turn, comprise a large number of internal measures and processes.

COMPLIANCE MANAGEMENT PROCESSES



In the completed financial year, TUI Group’s Compliance Management System was subjected to a design audit by a leading auditing firm in accordance with auditing standard PS 980 of the German Institute of Auditors. The audit confirmed that TUI Group’s Compliance Management System has been designed so as to meet the requirements of that certification standard. In the run-up to the audit, the Group-wide Compliance Management System had been readjusted and compliance processes had been harmonised across the Group.

COMPLIANCE CULTURE

The compliance culture forms the basis for the appropriateness and effectiveness of the Compliance Management System. It reflects management’s fundamental attitude and conduct and the role of the supervisory body.

It is expressed in our corporate value “Trusted”, appealing to our employees’ personal responsibility and their honesty and sincerity in handling customers, stakeholders and employees.

CODE OF CONDUCT/SUPPLIERS’ CODE OF CONDUCT

The Code of Conduct, drawn up for the entire TUI Group, is a further embodiment of our compliance culture and enshrines guiding principles for everyone to follow, from executives and senior management to every Group employee. It defines minimum standards aimed at assisting our employees in their everyday work and providing orientation in conflict situations.

⊕ Compliance online: www.tuigroup.com/en-en/about-us/compliance

The Suppliers’ Code of Conduct forms the counterpart to TUI’s Code of Conduct. It details our ethical, social and legal expectations of our business partners. All business partners are required by contract to observe all national and international anti-corruption laws applicable to the supplier relationship. This places our business relationship with our partners on a solid legal and social basis.

COMPLIANCE RULES

In addition, the principles set out in the Code of Conduct are detailed in various policies and rules reflecting the legal requirements. This is supported by our Group-wide policy management, developing the standards for Group-wide policies and coordinating incorporation of the relevant internal stakeholder groups, e.g. other departments or the works council. This approach is designed to provide TUI Group with a set of policies which are as complete and comprehensible as possible without seeking overregulation.

TUI Group’s Compliance Rules offer guidance on appropriate conduct regarding gifts and invitations, data protection and trade sanctions. All groups of employees have thus been acquainted with the policies of relevance to their everyday work.

COMPLIANCE PROGRAMME

In the period under review, the Compliance Programme focused on various issues including anti-corruption measures, protecting free and fair competition, data protection and the handling of trade sanctions including anti-money laundering.

In the completed financial year, a software was used to facilitate risk identification based on self-disclosure by TUI Group companies, above all for the above topics: it was evaluated on the basis of the criteria of likelihood of occurrence and potential damage (including reputational damage). The results of identified compliance risks are used to derive corresponding risk-minimising measures, which are agreed with the relevant bodies, and implementation of the measures is automated.

Moreover, TUI Group focused even more strongly on data protection, which had already played a major role. Numerous measures were initiated, e.g. structured coordination of all technical functions in the Company relating to data protection law. As an international organisation, TUI Group will therefore be prepared for future European changes in the overall framework for data protection law.

COMPLIANCE TRAINING

Compliance training is a key element of TUI's Compliance Management System, with its focus on preventing misconduct, and a crucial component of TUI Group's Compliance culture. It is carried out according to a graded concept: managers and staff at TUI have all benefited from face-to-face teaching and online programmes. This enables all our employees to acquaint themselves with Compliance and the underlying corporate values, regardless of their position in the company hierarchy and their geographical location. In the completed financial year, the online training programme was extended so as to include a refresher course on TUI's Code of Conduct. It has now been rolled out in the Group companies. In addition, TUI companies and sectors offered training schemes with their own specific focus to raise awareness of challenges they might face.

WHISTLEBLOWING

In agreement with various stakeholder groups, TUI offers its managers and employees a Group-wide whistleblower system to enable serious infringements of the corporate values anchored in TUI's Code of Conduct to be reported anonymously and without reprisals. This whistleblowing system is currently available to staff in 47 countries. All reports are

followed up in the interests of all stakeholders and the Company. Our top priority is to ensure confidentiality and handle information discreetly. Any incidents resulting from the use of the whistleblower system are reviewed by Group Legal Compliance in conjunction with Group Audit. Infringements are fully investigated in the interests of all our staff and the Company itself.

COMPLIANCE STRUCTURE

TUI Group's Compliance structure supports those responsible in the task of communicating the values and rules and anchoring them in the Group. It ensures that Compliance requirements are implemented throughout the Group in different countries and cultures. The decentralised Compliance structure was reinforced by additional staff resources in recent months in order to respond to the requirements resulting from structural change and internationalisation. Under the aegis of the Chief Legal Compliance Officer, Group Legal Compliance work with the decentralised Compliance Officers to perform the following tasks at different management levels:

- Raising awareness of Compliance and the technical issues allocated to Legal Compliance
- Achieving the goals of the Code of Conduct and the Compliance Rules
- Providing training
- Advising managers and employees
- Securing the necessary exchange of information
- Monitoring national and international legislative initiatives
- Providing regular reports

Remuneration Report

The remuneration report outlines the remuneration of the members of the Executive Board of TUI AG as well as the remuneration of the members of its Supervisory Board in accordance with the articles of association. The remuneration report is based, in particular, on the recommendations of the German Corporate Governance Code ("GCGC"), the requirements of the German Commercial Code (Handelsgesetzbuch) and the German Stock Corporation Act (Aktiengesetz) and, to the extent practicable, the requirements of the UK Corporate Governance Code ("UK-CGC").

TUI AG is a German stock corporation that is also listed on the London Stock Exchange. Where mandatory provisions regarding the governance of or legal requirements for a German stock corporation are affected these are disclosed in this report and placed in context with the UK-CGC, as required.

Remuneration of the Executive Board

I. APPROVAL OF THE REMUNERATION SCHEME BY SHAREHOLDERS

A new remuneration scheme was proposed for Executive Board members in financial year 2009/10 and approved by the shareholders of TUI AG at the Annual General Meeting on 17 February 2010. The scheme is designed to create incentives for sustained growth and robust financial performance in the TUI Group.

Although common practice at many of the companies applying the UK-CGC, the shareholders of TUI AG do not currently vote on the remuneration policy on an annual basis. However, the approach adopted by TUI AG reflects the practice at most German stock corporations and is in compliance with the German Stock Corporation Act.

II. GENERAL PRINCIPLES

Following a recommendation from the Presiding Committee and according to section 87(1) sentence 1 German Stock Corporation Act, the Supervisory Board determines the remuneration of the individual Executive Board members. It also regularly reviews the remuneration scheme for the Executive Board.

→ For further details, please see the Chairman's letter page 9

The following principles, in particular, are taken into account in this regard:

- Clarity and transparency.
- Appropriateness and conformity with tasks, responsibilities and success of each individual Executive Board member, including in the relevant environment of comparable international firms, and taking into account standard practice at other major German companies.
- Economic position, performance and sustainable development of the company.
- Appropriate correlation between the levels of fixed remuneration and performance-based remuneration.
- Tying a material portion of total remuneration to the achievement of ambitious, long-term performance targets.
- Appropriateness in horizontal and vertical comparison (see page 141).
- Ability to be competitive on the market for highly qualified Executive Board members.
- Tying shareholder interest to value increase and distribution of profits (e.g. total shareholder return indicator) with corresponding incentives for Executive Board members.

The remuneration scheme currently does not contain any malus or clawback terms. This position will continue to be monitored.

III. REMUNERATION OF THE EXECUTIVE BOARD IN FINANCIAL YEAR 2015/16

In financial year 2015/16, the remuneration for the Executive Board comprises: (1) a fixed remuneration; (2) an annual performance-based remuneration (Jahreserfolgsvergütung – "JEV"); (3) virtual shares of TUI AG in accordance with the Long-Term Incentive Plan ("LTIP"); (4) fringe benefits; (5) pension entitlements; and (6) a potential additional remuneration in cash or in virtual shares (Additional Remuneration).

Details are set out in the following tables:

1. FIXED REMUNERATION

PURPOSE AND LINK TO COMPANY STRATEGY

Highly-qualified Executive Board members who are needed to develop and implement company strategy are to be attracted and retained.

The remuneration should be commensurate with the abilities, experience and tasks of the individual Executive Board member.

PROCEDURE

In determining the fixed remuneration the Supervisory Board takes into account, in particular, the relevant general principles.

The fixed remuneration is paid in twelve equal instalments at the end of each month. If the service contract begins or ends in the course of the year relevant for payment of the remuneration, the fixed annual remuneration will be paid pro-rata for that year.

The remuneration is generally reviewed when service contracts of Executive Board members are extended, and fixed for the term of the new service contract. A review of the remuneration can also take place during the term of a service contract in particular if there is a change with respect to the tasks or responsibility of an Executive Board member.

2. ANNUAL PERFORMANCE-BASED REMUNERATION (JAHRESERFOLGSVERGÜTUNG – "JEV")

PURPOSE AND LINK TO COMPANY STRATEGY

The JEV is intended to motivate Executive Board members to achieve ambitious and challenging financial and strategic performance targets throughout the financial year. The performance targets are reflective of the company strategy and aimed at increasing corporate value.

PROCEDURE

The JEV is calculated on the basis of a group performance indicator and the individual performance of the Executive Board member. The performance reference period is the financial year of TUI AG.

An individual target amount ("Target Amount") is agreed for each Executive Board member in their service contract. Since 1 October 2010 the performance target has been the reported earnings before interest, tax and amortisation of goodwill ("Reported Group EBITA"). The target value for the one-year performance reference period for the reported group EBITA performance target will be set each year by the Supervisory Board.

To measure performance, the expected reported group EBITA will be compared with the corresponding actual value of the reported group EBITA as reported in the audited consolidated accounts of TUI AG to be prepared in accordance with the accounting rules in force at the time. The degree of target achievement is determined as follows:

- If the value achieved is below the target value by 50% or more, this is equivalent to a target achievement of 0%.
- If the value achieved corresponds to the target value, this is equivalent to a target achievement of 100%.
- If the value achieved exceeds the target value by 50% or more, this is equivalent to a target achievement of 187.5%.

In the event of a reported group EBITA of between 50 % below target value and target value, any award will be based on a linear interpolation between 0 % and 100 % and in the event of a reported group EBITA of between target value and 50 % above target value linear interpolation between 100 % and 187.5 % will be used to determine the degree of target achievement. The degree of target achievement will be rounded to two decimal places, as is customary in commercial practice.

At the discretion of the Supervisory Board, the degree of target achievement for the performance target can be multiplied by a factor of between 0.8 and 1.2, based on the Executive Board member's achievement of individual performance targets and other performance indicators such as customer satisfaction and/or employee satisfaction metrics.

The figure resulting from the multiplication of the target amount by the degree of target achievement for the reported group EBITA and the discretionary multiplier will be paid out in cash in the month following the approval by the Supervisory Board of the annual accounts of TUI AG for the respective financial year. If the service contract begins or ends in the course of the financial year relevant for the grant of the JEV, the claims for payment of the same will generally be pro-rata.

CAP

The JEV is capped annually and individually for each Executive Board member; for the figures, see the table on page 132.

In accordance with section 87(1) sentence 3 German Stock Corporation Act, the Supervisory Board is entitled to limit the amount of the JEV to allow for extraordinary circumstances (e.g. takeover of the company, sale of parts of the company, uncovering of hidden reserves, external influences).

3. VIRTUAL SHARES ACCORDING TO THE LONG-TERM INCENTIVE PLAN ("LTIP")

3.1 CALCULATION METHOD

PURPOSE AND LINK TO COMPANY STRATEGY

The long-term objective is to increase corporate and shareholder value by defining ambitious goals that are closely linked to the company's earnings, share price performance and dividends.

PROCEDURE

The LTIP is a performance share plan based on virtual shares and is assessed over a period of four years ("Performance Reference Period"). Payments are granted in annual tranches.

For Executive Board members, an individual target amount ("Target Amount") is agreed in the service contract. At the beginning of each financial year a provisional number of virtual shares, commensurate with the target amount, will be set. This will constitute the basis for the determination of the final performance-based payment for the tranche in question at the end of the respective performance reference period.

To set this number, the target amount will be divided by the average Xetra price of TUI AG shares over the 20 prior trading days. The claim to a payment only arises upon expiry of the performance reference period and depends on whether or not the respective performance target is achieved.

The performance target for determining the amount of the final payout at the end of the performance reference period is the development of the total shareholder return ("TSR") of TUI AG relative to the development of the TSR of the Dow Jones Stoxx 600 Travel & Leisure ("Index"), whereby the ranking of the TUI AG TSR in relation to the index companies will be monitored over the entire performance reference period. The TSR is the aggregate of all share price increases plus the gross dividends paid over the performance reference period. Data from a reputable data provider (e.g. Bloomberg, Thomson Reuters) will be used for the purpose of establishing the TSR values for TUI AG and the index. The reference for the purpose of determining the rankings is the composition of the index on the last day of the performance reference period. The values for companies that were not listed over the entire performance reference period will be factored in on a pro-rata basis. The level of target achievement is established as follows depending on the ranking of the TSR of TUI AG relative to the TSR values of the index companies:

- a TSR value of TUI AG equivalent to the bottom and second to bottom value of the index corresponds to a target achievement of 0 %.
- a TSR value of TUI AG equivalent to the third to bottom value of the index corresponds to a target achievement of 25 %.
- a TSR value of TUI AG equivalent to the median of the index corresponds to a target achievement of 100 %.
- a TSR value of TUI AG equivalent to the third to top value of the index corresponds to a target achievement of 175 %.

For performance between the third to bottom and the third to top rank, linear interpolation will be used to determine the level of target achievement at between 25 % and 175 %. The degree of target achievement will be rounded to two decimal places, as is customary in commercial practice.

To determine the final number of virtual shares, the degree of target achievement will be multiplied by the provisional number of virtual shares on the final day of the performance reference period ("Final Number Of Virtual Shares"). The payout is determined by multiplying the final number of virtual shares by the average Xetra price of TUI AG shares over the 20 trading days prior to the end of the performance reference period. The payout which is calculated in this way will be due in the month following the approval of the annual accounts of TUI AG for the fourth financial year of the performance reference period and the resulting amount is paid out in cash. If the service contract begins or ends in the course of the financial year relevant for the grant of the LTIP, the claims for payment of the same will generally be pro-rata.

CAP

The LTIP is capped annually and individually for each Executive Board member; for the figures, see the table on page 132.

3.2 DEVELOPMENT OF AGGREGATE VIRTUAL SHARES OF CURRENT EXECUTIVE BOARD MEMBERS (LTIP MODEL)

	Number
Balance as at 30 Sep 2015	1,072,420
Virtual shares granted for financial year 2015/16*	291,933
Decrease in virtual shares	-378,708
Balance as at 30 Sep 2016	985,645

* William Waggott's LTIP tranche for financial year 2015/16 included in full, since LTIP granted in full at the beginning of the financial year

On 30 September 2016, former Executive Board members held no virtual shares in TUI AG (previous year: no virtual shares) that were granted after the merger of TUI AG and TUI Travel PLC ("TUI Travel") in December 2014 (the "Merger").

There are provisions totalling €6,693.1 thousand and liabilities worth €1,896.0 thousand (previous year: €1,530.0 thousand) to cover entitlements under TUI AG's LTIP for current Executive Board members. Those provisions only cover liabilities arising from the LTIP of TUI AG.

4. FRINGE BENEFITS

PURPOSE AND LINK TO COMPANY STRATEGY

Fringe benefits offered should be competitive on the market for highly qualified Executive Board members.

PROCEDURE

Executive Board members receive the following fringe benefits:

- Reimbursement of business travel expenses in accordance with TUI AG's general business travel guidelines.
- Twice a year, free of charge, a holiday from within the World of TUI range, without any limitation as to tour operator, type of holiday, category or price. Spouses/partners are granted a 50% discount on the catalogue price for the aforementioned vacations, and children still in education or training a 100% discount. Apart from that, a reduction of 75% (spouses/partners)/50% (children still in education or training) is granted for flights.
- A suitable company car with driver or alternatively a car allowance of €1.5 thousand gross per month.

Insurance cover is provided in line with the agreements applicable in Germany and the United Kingdom. This is offered as follows:

TUI AG provides insurance cover for accidents to the customary extent for Mr Joussem, Dr Eller, Mr Baier and Mr Ebel and will pay the corresponding insurance contributions for the terms of their service contracts. The coverage amounts to €1,500.0 thousand for death and €3,000.0 thousand for disablement. Furthermore, Mr Joussem, Dr Eller, Mr Baier and Mr Ebel receive an allowance towards health and long-term care insurance in the amount payable if the respective Executive Board member were an employee, but no more than half of each insurance premium.

Insofar as this is permitted by law, Mr Burling will remain a beneficiary, at the expense of TUI AG, of the UK term life, vocational disability and health insurance programmes. Mr Long and Mr Waggott received the fringe benefits on a pro-rata basis up to the time at which they left the Executive Board.

TUI AG also takes out criminal law protection insurance that provides cover for the Executive Board members regarding criminal and misdemeanour proceedings, if these proceedings are based on an act or a failure to act in the exercise of their duties for TUI AG. TUI AG also takes out suitable D&O insurance coverage for the Executive Board members to cover possible claims brought under private law on the basis of statutory liability provisions against one or more of the Executive Board members by a third party or the Company for damages for a breach of duty committed in the exercise of their duties. The D&O insurance provides for a deductible of 10% of the damage up to 150% of the fixed annual remuneration.

AMOUNT

The value of the company car, free holidays and insurance benefits received annually by an individual Executive Board member normally does not exceed €100.0 thousand.

5. PENSION BENEFITS

PURPOSE AND LINK TO COMPANY STRATEGY

Highly-qualified Executive Board members who are needed to develop and implement company strategy are to be acquired and retained.

The pension entitlements should be competitive on the market for highly qualified Executive Board members and should provide them with a corresponding pension in their retirement.

PROCEDURE

Pensions are paid to former Executive Board members if they reach the predefined age limit or are permanently incapacitated. The Executive Board members are not entitled to receive transition payments upon leaving the Executive Board, with the exception of Mr Ebel who has an acquired right to receive transition payments under a legacy contract.

With regard to pension entitlements, different principles apply to Mr Joussem, Dr Eller, Mr Baier and Mr Ebel on the one hand and Mr Long, Mr Burling and Mr Waggott on the other hand due to the legacy systems in Germany and the UK.

Mr Joussem, Dr Eller, Mr Baier and Mr Ebel are entitled to pension benefits according to the pension commitments granted to Executive Board members of TUI AG ("TUI AG Pension Scheme"). These Executive Board members receive, on an annual basis, a contractually agreed amount that is paid into an existing pension scheme for the respective Executive Board member. The contributions to the company pension scheme carry an interest rate established in the pension commitment. The interest rate currently stands at 5 % p.a. The beneficiary may choose between a one-off payment, payment by instalments or pension payments.

The amounts agreed on in the service contracts of the aforementioned Executive Board members are:

- Mr Joussem: € 454.5 thousand per year. Mr Joussem becomes eligible for payment of the pension upon reaching the age of 62.
- Dr Eller: € 230.0 thousand per year. The amount will be provided on a pro-rata basis in connection with Dr Eller having taken up office on 15 October 2015. Dr Eller becomes eligible for payment of the pension upon reaching the age of 63.
- Mr Baier: € 267.75 thousand per year. Mr Baier becomes eligible for payment of the pension upon reaching the age of 60.
- Mr Ebel: € 207.0 thousand per year. Mr Ebel becomes eligible for payment of the pension upon reaching the age of 62.

Should Mr Joussem, Dr Eller, Mr Baier and Mr Ebel retire from TUI AG before the normal retirement date due to an ongoing occupational disability, they will receive an occupational disability pension until they are able to work again, but at most until they reach the normal retirement date.

Under certain circumstances, spouses, partners or cohabitants of the Executive Board members will, should the respective Executive Board member die, receive a survivor's pension worth 60 % of the pension for their lifetime or until remarriage. Children of Executive Board members will, should the respective Executive Board member die, receive an orphan's pension, paid as a maximum until they reach the age of 27. Children who have lost one parent will receive 20 % of the pension, and those who have lost both parents will receive 25 %. This claim is subject to the prerequisite that the child meets the requirements set out in section 32(3), (4), sentence 1 nos. 1 to 3 and (5) German Income Tax Act (Einkommensteuergesetz).

Mr Burling receives a fixed annual amount of € 225.0 thousand for his pension. This amount may be paid into a company pension scheme where possible or where the tax arrangements prevent payment into a pension scheme will be payable as cash for this specific purpose. Mr Waggott and Mr Long received the pension contribution on a pro-rata basis in each case up to the time at which they left the Executive Board:

- Mr Long: € 164.1 thousand.
- Mr Waggott: € 177.2 thousand.

PENSIONS OF CURRENT EXECUTIVE BOARD MEMBERS UNDER THE TUI AG PENSION SCHEME

€ '000	Addition to/reversal of pension provisions		Net present value as at	
	2015/16	2014/15	30 Sep 16	30 Sep 15
Friedrich Joussem	1,130.2	1,876.7	3,006.9	1,876.7
Horst Baier	966.8	1,193.1	9,020.1	8,053.3
Sebastian Ebel	490.7	784.7	1,275.4	784.7
Dr Elke Eller	435.6	0.0	435.6	0.0
Total	3,023.3	3,854.5	13,738.0	10,714.7

At 30 September 2016, pension obligations for current Executive Board members totalled € 13,738.0 thousand (previous year balance sheet date: € 10,714.7 thousand) according to IAS 19 and € 10,745.2 thousand (previous year balance sheet date: € 9,233.1 thousand) according to commercial law provisions. In the period under review, the provision according to IAS 19 was increased by an amount of € 3,023.3 thousand (previous year: increase of € 3,854.5 thousand), with an increase of € 1,512.1 thousand (previous year: increase of € 2,861.2 thousand) according to the provisions of the German Commercial Code.

Where the above table shows a corresponding amount, the pension obligations for beneficiaries are funded via the conclusion of pledged reinsurance policies. As the reinsurance policy fully covers the pension obligations for former and current Executive Board members, the insurance was deducted as an asset from the pension obligations.

6. POTENTIAL ADDITIONAL REMUNERATION IN CASH OR IN VIRTUAL SHARES (“ADDITIONAL REMUNERATION”)

PURPOSE AND LINK TO COMPANY STRATEGY

The additional remuneration is intended to compensate exceptional performance by Executive Board members.

PROCEDURE

The Supervisory Board may grant an additional remuneration in cash or in virtual shares in exceptional circumstances such as an extraordinarily heavy workload in connection with the merger between TUI AG and TUI Travel or a realization of synergies that exceeds the planned level by

more than 20% over budget. The Supervisory Board determines whether and to what amount such additional remuneration will be paid.

CAP

The additional remuneration is capped annually and individually for each Executive Board member; for the figures, see the table below.

7. REMUNERATION CAPS

The following caps apply to the remuneration (remuneration components and total remuneration) payable to Executive Board members for a financial year:

REMUNERATION CAPS

€ '000	Fixed remuneration ²	JEV	LTIP	Additional remuneration	Maximum total remuneration ³
Friedrich Jousen	1,100.0	2,070.0	4,440.0	920.0	7,500.0
Peter Long ¹	1,100.0	2,070.0	4,440.0	920.0	7,500.0
Horst Baier	740.0	1,012.5	2,025.0	450.0	4,200.0
David Burling	600.0	900.0	1,500.0	400.0	3,450.0
Sebastian Ebel	680.0	720.0	1,500.0	320.0	3,380.0
Dr Elke Eller ¹	680.0	675.0	1,260.0	300.0	3,100.0
William Waggott ¹	720.0	810.0	2,100.0	360.0	4,080.0

¹ Amount for the whole year (12 months), possibly pro rated caps: see from page 138

² Fixed amount, no cap applied

³ Contractually agreed cap for total remuneration (including fixed remuneration, JEV, LTIP, company pension, additional remuneration and fringe benefits)

IV. ROLLED-OVER TUI TRAVEL SHARES (“SHARE AWARDS”)

During their period of service as Executive Directors of TUI Travel, Mr Long and Mr Waggott received long-term incentives in annual tranches in the form of share awards with a vesting period of three years. Mr Burling, who was not an Executive Director of TUI Travel, likewise received these share awards on the basis of his employment relationship with TUI Travel. The conditions of the share awards were laid down by TUI Travel's Remuneration Committee and approved by the shareholders.

Because of the three-year vesting period, some tranches were not yet due and payable at the time of the merger. Following the completion of the merger and the subsequent delisting of TUI Travel, it was agreed that the outstanding share awards would be rolled over to TUI AG. On the due date, all share awards were converted into a corresponding number of TUI AG shares. On the one hand, the share awards result from a Deferred Annual Bonus Scheme (“DABS”). This comprises deferred annual bonus amounts that were earned during periods prior to the merger.

On the other hand, share awards arise under the Performance Share Plan (“PSP”). The performance conditions applicable to the PSP are as follows: The conversion is carried out on the basis of the earnings per share (EPS), the total shareholder return (TSR) and the return on invested capital (ROIC) over a three-year period. The EPS is weighted at 50%, the TSR at 25% and the ROIC at 25%.

After the merger, the Supervisory Board agreed that the performance would be measured up to the date of the merger on the basis of TUI Travel's performance and from the date of the merger onwards on the basis of TUI AG's performance. The aggregate performance would then be assessed for the underlying assessment period in each case.

Because Mr Long and Mr Waggott left the Executive Board during the course of financial year 2015/16, the Supervisory Board agreed with them that their outstanding claims to the share awards would be paid out prematurely. Mr Long received an amount of €5,695.1 thousand as compensation for all of his outstanding share awards; the payment became due on 30 September 2016. Mr Long did not take part in the passing of the resolution by the Supervisory Board on 15 September 2016 on the redemption of any share awards still existing at that time. Mr Waggott received an amount of €2,520.0 thousand as compensation for all of his outstanding share awards; the payment became due on 31 August 2016.

In the context of paying out the rolled-over share awards of Messrs. Long and Waggot, the Supervisory Board also agreed with Mr Burling that all of his outstanding claims to the share awards would be paid out. In this connection, Mr Burling received a compensation payment of €1,741.0 thousand; this payment became due on 30 September 2016.

The share awards of Messrs. Long, Burling and Waggot that became due and payable and/or were paid out prematurely during financial year 2015/16 as well as the share awards of Johan Lundgren, who left the Executive Board during financial year 2014/15, that have become due and payable and that are still outstanding are shown in the following table.

FORMER EXECUTIVE DIRECTORS OF TUI TRAVEL PLC
OUTSTANDING DABS/DABLIS SHARE AWARDS AT 30 SEPTEMBER 2016 (AWARDED BY TUI TRAVEL PLC)
TUI AG CLOSING SHARE PRICE AT 30 SEP 2016 (€): 12.69

Executive Director		TUI AG shares/ nil-cost options held at 1 October 2015	Award date	Market price (TUI AG) per share at award (€)
Peter Long	DABS	102,401 ¹	6 Dec 12	8.773
	DABS	409,607 ²	6 Dec 12	8.773
	PSP	238,837 ³	6 Dec 12	8.773
	DABS	72,436 ¹	12 Dec 13	11.249
	DABS	289,747 ^{2, 4}	12 Dec 13	11.249
	PSP	134,976 ³	12 Dec 13	11.249
	DABS	64,626 ^{1, 5}	8 Dec 14	14.376
Total		1,312,630		
William Waggott	DABS	53,548 ¹	6 Dec 12	8.773
	DABS	214,194 ²	6 Dec 12	8.773
	PSP	92,725 ³	6 Dec 12	8.773
	DABS	39,127 ¹	12 Dec 13	11.249
	DABS	156,508 ^{2, 4}	12 Dec 13	11.249
	PSP	58,224 ³	12 Dec 13	11.249
	DABS	17,068 ^{1, 5}	8 Dec 14	14.376
Total		631,394		
David Burling	DABS	16,858 ¹	6 Dec 12	8.773
	DABS	67,435 ²	6 Dec 12	8.773
	PSP	42,147 ³	6 Dec 12	8.773
	DABS	16,077 ¹	12 Dec 13	11.249
	DABS	64,310 ^{2, 4}	12 Dec 13	11.249
	PSP	31,758 ³	12 Dec 13	11.249
	DABS	9,975 ^{1, 5}	8 Dec 14	11.278
	PSP	54,902 ^{3, 5}	8 Dec 14	14.376
Total		248,560		
Johan Lundgren	DABS	68,152 ¹	6 Dec 12	8.773
	DABS	272,611 ²	6 Dec 12	8.773
	PSP	118,013 ³	6 Dec 12	8.773
	DABS	47,723 ¹	12 Dec 13	11.249
	DABS	190,892 ^{2, 4}	12 Dec 13	11.249
	PSP	74,104 ³	12 Dec 13	11.249
	DABS	21,723 ^{1, 5}	8 Dec 14	14.376
Total		771,495		
GRAND TOTAL		2,964,079		

All outstanding share awards shown were made over TUI Travel PLC shares. At vest/exercise, shares will convert to TUI AG shares at the merger conversion ratio of 0.399.

¹ DABS deferred award: The deferred element of annual bonus, subject to forfeiture for gross misconduct, bankruptcy or certain other circumstances in accordance with the scheme rules.

² DABS matching award: A multiple of the deferred award, subject to performance conditions over the three-year vesting period.

³ PSP award: Subject to performance conditions over the three-year vesting period.

⁴ Change to remuneration structure with effect from 1 October 2014 – last matching awards made in December 2013.

⁵ All awards made in December 2014 are phantom awards and will therefore be settled in cash on vesting.

TUI AG shares/ nil cost options vested and released during the year ended 30 September 2016	Market price (TUI AG) per share at vesting (€)	Market value at vesting (€)	Planned/Actual vesting and release date	TUI AG shares/ nil-cost options lapsed during the year ended 30 September 2016	Maximum TUI AG shares/nil-cost options held at 30 September 2016 (see Note 5)	Maximum value based on TUI AG share price of €12.69 at 30 September 2016 (€)
102,401	16,289	1,668,010	6 Dec 15	0	0	0
354,064	16,289	5,767,348	6 Dec 15	55,543	0	0
206,451	16,289	3,362,880	6 Dec 15	32,386	0	0
72,436	12,500	905,463	30 Sep 16	0	0	0
217,310	12,500	2,716,378	30 Sep 16	72,437	0	0
101,232	12,500	1,265,400	30 Sep 16	33,744	0	0
64,626	12,500	807,838	30 Sep 16	0	0	0
1,118,520		16,493,318		194,110	0	0
53,548	16,289	872,243	6 Dec 15	0	0	0
185,149	16,289	3,015,892	6 Dec 15	29,045	0	0
80,151	16,289	1,305,580	6 Dec 15	12,574	0	0
39,127	11,600	453,873	31 Aug 16	0	0	0
117,381	11,600	1,361,620	31 Aug 16	39,127	0	0
43,668	11,600	506,549	31 Aug 16	14,556	0	0
17,068	11,600	197,989	31 Aug 16	0	0	0
536,092		7,713,745		95,302	0	0
16,858	16,289	274,600	6 Dec 15	0	0	0
58,291	16,289	949,502	6 Dec 15	9,144	0	0
36,439	16,289	593,555	6 Dec 15	5,708	0	0
16,077	12,500	200,963	30 Sep 16	0	0	0
48,233	12,500	602,906	30 Sep 16	16,077	0	0
23,819	12,500	297,731	30 Sep 16	7,939	0	0
9,975	12,500	124,688	30 Sep 16	0	0	0
41,177	12,500	514,706	30 Sep 16	13,725	0	0
209,692		3,043,945		38,868	0	0
68,152	16,289	1,110,128	6 Dec 15	0	0	0
235,645	16,289	3,838,421	6 Dec 15	36,966	0	0
102,011	16,289	1,661,657	6 Dec 15	16,002	0	0
0		0	12 Dec 16	0	47,723	605,605
0		0	12 Dec 16	0	190,892	2,422,419
0		0	12 Dec 16	0	74,104	940,380
0		0	8 Dec 17	0	21,723	275,665
405,808		6,610,207		52,968	312,719	3,968,404
2,270,112		33,861,215		52,968	312,719	3,968,404

V. PAYMENTS/BENEFITS IN CASE OF PREMATURE TERMINATION OF EXECUTIVE BOARD MEMBERSHIP

1. GENERAL CONTRACTUAL FRAMEWORK

The payments to be made to an Executive Board member on the premature termination of his service contract without good cause have in principle been limited in the service contracts of Messrs. Joussem and Baier to an amount equal to twice their annual remuneration. It has been agreed in the service contracts of Dr Eller, Mr Ebel, Mr Long, Mr Burling and Mr Waggott that payments to be made on the premature termination of their Executive Board membership without good cause may not – in the case of premature termination during the first year after the coming into force of the service contract – exceed an amount equal to twice their annual remuneration and – in the case of premature termination after the end of the first year after the coming into force of the service contract – an amount equal to their annual remuneration (“Severance Pay Cap”). In each case, no more than the remaining term will be compensated. The severance pay cap is calculated on the basis of the target direct remuneration (fixed remuneration, target JEV and target LTIP) for the last expired financial year and, if relevant, the expected target direct remuneration for the current financial year. If the service contract is terminated for cause without notice, no payments will be made to Executive Board members.

In cases of premature termination of the service contract, the JEV and payments under the LTIP will be governed as follows:

- JEV:
 - If the company terminates the service contract without notice before the end of the one-year performance reference period for good cause attributable to the beneficiary or if the beneficiary terminates the service contract without good cause, the claim to the JEV for the performance reference period in question will be forfeited and no alternative remuneration or compensation will be paid.
 - In all other cases of premature termination of the service contract before the end of the one-year performance reference period, the JEV will generally be paid on a pro-rata basis.
- LTIP:
 - If the company terminates the service contract without notice before the end of the respective performance reference period for good cause attributable to the Executive Board member, or if the Executive Board member terminates the service contract without good cause, all claims under the LTIP will lapse for all tranches not yet paid and no alternative remuneration or compensation will be paid.
 - If the service contract ends before the expiry of the performance reference period for other reasons, the claims under the LTIP will be maintained for tranches not yet paid. The tranche for the current financial year will generally be reduced on a pro-rata basis. The pay-out will be calculated in the same way as in the case of the continuation of the service contract.

The service contracts of the Executive Board members do not contain change of control clauses.

2. PAYMENTS/BENEFITS IN FINANCIAL YEAR 2015/16 ON ACCOUNT OF THE PREMATURE TERMINATION OF EXECUTIVE BOARD MEMBERSHIP

The Supervisory Board and Mr Waggott agreed that Mr Waggott would resign as a member of the Executive Board with effect from 30 June 2016. In this respect, the Supervisory Board and Mr Waggott agreed that their service relationship would end by mutual agreement with effect from 30 June 2016. Mr Waggott received his fixed remuneration, the fringe benefits, the JEV (assumption: 100 % target achievement, individual performance factor of 1.0) and the amount for pension purposes on a pro-rata basis up to the termination date. Because of the premature termination of his service contract, Mr Waggott also received a severance payment of €3,681.4 thousand that became due and payable on 31 August 2016. This includes claims under the LTIP of TUI AG for financial year 2014/15 and part of financial year 2015/16 in the amount of €1,075.0 thousand.

Mr Lundgren, who left the Executive Board during financial year 2014/15, was subject to a post-contractual covenant not to compete that was valid until 30 September 2016. For the duration of the post-contractual covenant not to compete (1 June 2015 until 30 September 2016), TUI AG paid Mr Lundgren compensation in the amount of €144.9 thousand per month or €1,739.1 thousand for financial year 2015/16 as a whole. This includes the settlement of claims under the LTIP of TUI AG for financial year 2014/15 and part of financial year 2015/16 in the amount of €1,075.0 thousand.

VI. OTHER PAYMENTS/BENEFITS FOR EXECUTIVE BOARD MEMBERS WHO LEFT THE BOARD IN FINANCIAL YEAR 2015/16

Mr Long left the Executive Board as planned with effect from the end of the Annual General Meeting 2016 held on 9 February 2016. At the same Annual General Meeting, Mr Long was elected by the shareholders as a member of the Supervisory Board of TUI AG. The shareholders also passed a resolution during this Annual General Meeting to change the remuneration of the members of the Supervisory Board to fixed remuneration only (cf. page 142). Against this background, the Supervisory Board deemed it appropriate to agree with Mr Long that his claims under the variable remuneration components JEV and LTIP would be paid out prematurely and on a pro-rata basis. As such, Mr Long received €396.6 thousand as JEV (assumption: 100 % target achievement, individual performance factor of 1.2) and a compensation payment of €1,618.6 thousand under the LTIP for financial year 2014/15 and a compensation payment of €404.7 thousand under the LTIP for part of financial year 2015/16 on 30 September 2016. Furthermore, the Supervisory Board granted Mr Long additional pro-rata remuneration of €179.6 thousand for exceeding the merger synergies planned for financial year 2015/16 and for his heavy workload connected to the successful post-merger integration. Mr Long did not take part in the passing of the resolution by the Supervisory Board on the premature payment of the variable remuneration components on 15 September 2016.

VII. PENSION PAYMENTS MADE TO PAST EXECUTIVE BOARD MEMBERS

In financial year 2015/16, the pension payments to former Executive Board members and their surviving dependants totalled €4,933.2 thousand (previous year: €4,891.1 thousand).

Pension provisions for former members of the Executive Board and their dependants amounted as at the balance sheet date to €84,294.2 thou-

sand (previous year: €79,754.3 thousand) as measured according to IAS 19 and to €65,505.9 thousand (previous year: €68,170.1 thousand) as measured according to commercial law provisions. In financial year 2015/16, the obligations for this group of persons increased by €4,539.9 thousand (in financial year 2014/15 they decreased by €610.1 thousand) according to IAS 19 and decreased by €2,664.2 thousand (increased in the previous year by €3,088.6 thousand) according to commercial law provisions.

VIII. OVERVIEW: REMUNERATION OF INDIVIDUAL EXECUTIVE BOARD MEMBERS

1. REMUNERATION OF INDIVIDUAL EXECUTIVE BOARD MEMBERS FOR FINANCIAL YEAR 2015/16

REMUNERATION OF INDIVIDUAL EXECUTIVE BOARD MEMBERS FOR FINANCIAL YEAR 2015/16 (PURSUANT TO SECTION 314(6)(A) GERMAN COMMERCIAL CODE)

€ '000	Fixed remuneration ¹	JEV	Additional Remuneration	LTIP	Total 2015/16	Total 2014/15
Friedrich Joussen	1,145.4	970.2	920.0	0.0	3,035.6	11,867.9
Peter Long ²	404.0	396.6	179.6	0.0	980.2	5,734.3
Horst Baier ³	821.7	618.8	450.0	0.0	1,890.5	5,492.7
David Burling	642.1	421.8	400.0	0.0	1,463.9	2,077.8
Sebastian Ebel	698.0	337.5	320.0	0.0	1,355.5	3,162.6
Dr Elke Eller ⁴	678.0	304.4	300.0	1,269.9	2,552.3	0.0
William Waggott ⁵	553.5	270.0	0.0	0.0	823.5	3,270.1
Total	4,942.8	3,319.2	2,569.6	1,269.9	12,101.4	
Previous year ⁶	4,642.7	5,079.6	1,640.0	24,219.0	35,581.4	

¹ Incl. fringe benefits (without insurances under Group coverage).

² Pro rated disclosure of all remuneration components until 9 February 2016.

³ Fixed remuneration includes €63 k received for his seat on the supervisory board of Hapag Lloyd AG that is not counted towards fixed remuneration of TUI AG. JEV includes cash deferral of €144.2k from financial year 2013/14.

⁴ Pro rated disclosure of all remuneration components from 15 October 2015 on.

⁵ Pro rated disclosure of all remuneration components until 30 June 2016.

⁶ Previous year's values include remuneration of Johan Lundgren.

The discretionary multiplier of between 0.8 and 1.2 used to calculate the JEV (procedure description see above) and the additional remuneration (procedure description see above) were resolved under executing discretion in the framework of the service agreements of the members of the Executive Board. In terms of the discretionary multiplier the Supervisory Board, amongst others, considered the significantly increased employee satisfaction (engagement index on Group level) on the basis of a global employee survey conducted in financial year 2015/16 (comparison to survey results in financial year 2014/15). The defined discretionary multipliers also reflect the strong engagement of each member of the Executive Board in delivering results even though financial year 2015/16 has probably been the most challenging one in the tourism industry in the last decade due to terrorism and geopolitical events (Turkey demand slump, Brexit decision, GBP weakness). Against this background the Supervisory Board also considered that TUI AG strongly outperformed its key competitors in the industry. Furthermore, amongst others, the successful implementation of a senior leadership team, the beneficial disposal of the Hotelbeds Group, the huge progress in delivering a Group airline platform and the successful efforts to initiate a solution for the German airline were taken into account.

In terms of the Additional Remuneration the Supervisory Board considered the achievements of economic and cultural integration of the merged businesses. The merger synergies budgeted for financial year 2015/16 were exceeded by more than 20% and each member of the Executive Board faced an enormous additional workload to drive the integration (e.g. intensive strategy communication, completing the organisational integration, establishing a common TUI culture).

The LTIP amount disclosed in this table corresponds to the fair value at grant date (acc. to IFRS 2). This amount takes into account all allocations accumulated over the entire contract period. The table of the "remuneration awarded" according to the GCGC shows the amount allocated in the respective financial year.

As in the prior year, the members of the Executive Board did not receive any loans or advances in financial year 2015/16.

Dr Eller received €11.6 thousand from Nord/LB and Mr Long received £108.3 thousand from Royal Mail PLC for their activities – which were approved by the Supervisory Board during their Executive Board membership in financial year 2015/16 – in supervisory boards or comparable

domestic and foreign corporate supervisory bodies to be set up in accordance with section 125 German Stock Corporation Act, which activities were not carried out on the basis of a shareholding of TUI AG in the companies concerned. This remuneration was not counted towards the remuneration of Executive Board members paid by TUI AG.

Pursuant to 4.2.5, attachment tables 1 and 2 GCGC, the two tables below (remuneration awarded and remuneration paid) show the benefits granted by TUI AG and the payments received.

2. REMUNERATION AWARDED

REMUNERATION AWARDED

€ '000	Friedrich Jousen Joint CEO, since 14 February 2013 ¹				Peter Long Joint CEO, 12 December 2014 until 9 February 2016 ²			
	2014/15	2015/16	2015/16	2015/16	2014/15	2015/16	2015/16	2015/16
			(min.)	(max.)			(min.)	(max.)
Fixed remuneration	1,080.4	1,100.0	1,100.0	1,100.0	884.8	397.2	397.2	397.2
Fringe benefits	51.6	45.4	45.4	45.4	33.7	6.8	6.8	6.8
Total	1,132.0	1,145.4	1,145.4	1,145.4	918.4	404.0	404.0	404.0
JEV	920.0	920.0	–	2,070.0	920.0	332.2	–	747.5
Additional Remuneration	500.0	920.0	–	920.0	500.0	179.6	–	332.2
LTIP	1,805.6	1,494.8	–	4,440.0	1,805.6	539.7	–	1,603.3
LTIP (2014/15–2017/18)	1,805.6	–	–	–	1,805.6	–	–	–
LTIP (2015/16–2018/19)	–	1,494.8	–	4,440.0	–	539.7	–	1,603.3
Total	4,357.6	4,480.2	1,145.4	8,575.4	4,144.0	1,455.6	404.0	3,087.1
Pension/service costs ⁵	648.9	726.0	726.0	726.0	365.6	164.1	164.1	164.1
Total remuneration⁶	5,006.5	5,206.2	1,871.4	7,500.0	4,509.6	1,619.7	568.1	2,708.3

REMUNERATION AWARDED

€ '000	Horst Baier ³ CFO, since 8 November 2007				David Burling Member of Executive Board, since 1 June 2015			
	2014/15	2015/16	2015/16	2015/16	2014/15	2015/16	2015/16	2015/16
			(min.)	(max.)			(min.)	(max.)
Fixed remuneration	791.9	803.0	803.0	803.0	200.0	600.0	600.0	600.0
Fringe benefits	20.1	18.7	18.7	18.7	15.3	42.1	42.1	42.1
Total	811.9	821.7	821.7	821.7	215.3	642.1	642.1	642.1
JEV	450.0	450.0	–	1,012.5	133.3	400.0	–	900.0
Additional Remuneration	320.0	450.0	–	450.0	–	400.0	–	400.0
LTIP	823.5	681.8	–	2,025.0	203.3	505.0	–	1,500.0
LTIP (2014/15–2017/18)	823.5	–	–	–	203.3	–	–	–
LTIP (2015/16–2018/19)	–	681.8	–	2,025.0	–	505.0	–	1,500.0
Total	2,405.4	2,403.5	821.7	4,309.2	552.0	1,947.1	642.1	3,442.1
Pension/service costs ⁵	401.2	22.3	22.3	22.3	75.0	225.0	225.0	225.0
Total remuneration⁶	2,806.7	2,425.8	844.0	4,200.0	627.0	2,172.1	867.1	3,450.0

REMUNERATION AWARDED

€ '000	Sebastian Ebel Member of Executive Board, since 12 December 2014				Dr Elke Eller Member of Executive Board/Human Resources, since 15 October 2015			
	2014/15	2015/16	2015/16 (min.)	2015/16 (max.)	2014/15	2015/16	2015/16 (min.)	2015/16 (max.)
	Fixed remuneration	547.0	680.0	680.0	680.0	–	654.2	654.2
Fringe benefits	14.3	18.0	18.0	18.0	–	23.8	23.8	23.8
Total	561.2	698.0	698.0	698.0	–	678.0	678.0	678.0
JEV	257.4	320.0	–	720.0	–	288.6	–	649.4
Additional Remuneration	320.0	320.0	–	320.0	–	300.0	–	300.0
LTIP	490.7	505.0	–	1,500.0	–	408.1	–	1,212.3
LTIP (2014/15–2017/18)	490.7	–	–	–	–	–	–	–
LTIP (2015/16–2018/19)	–	505.0	–	1,500.0	–	408.1	–	1,212.3
Total	1,629.3	1,843.0	698.0	3,238.0	–	1,674.8	678.0	2,839.7
Pension/service costs ⁵	279.2	328.5	328.5	328.5	–	405.0	405.0	405.0
Total remuneration⁶	1,908.5	2,171.5	1,026.5	3,380.0	–	2,079.8	1,083.0	2,982.6

REMUNERATION AWARDED

€ '000	William Waggott ⁴ Member of Executive Board, 12 December 2014 until 30 June 2016			
	2014/15	2015/16	2015/16 (min.)	2015/16 (max.)
	Fixed remuneration	555.0	540.0	540.0
Fringe benefits	28.5	13.5	13.5	13.5
Total	583.5	553.5	553.5	553.5
JEV	360.0	360.0	–	810.0
Additional Remuneration	–	–	–	360.0
LTIP	671.0	707.0	–	2,100.0
LTIP (2014/15–2017/18)	671.0	–	–	–
LTIP (2015/16–2018/19)	–	707.0	–	2,100.0
Total	1,614.5	1,620.5	553.5	3,823.5
Pension/service costs ⁵	190.0	177.2	177.2	177.2
Total remuneration⁶	1,804.5	1,797.7	730.7	4,000.7

¹ Joint CEO until 9 February 2016; Member of the Executive Board since 15 October 2012

² Member of the Executive Board since 3 September 2007

³ Fixed remuneration includes €63 k received for his seat on the supervisory board of Hapag Lloyd AG that is not counted towards fixed remuneration of TUI AG.

⁴ Pro rated calculation of fixed remuneration, fringe benefits and pension contribution; disclosure of full-year values for variable remuneration components.

⁵ For Mr Joussem, Mr Baier, Mr Ebel and Dr Eller service costs acc. to IAS 19; for Mr Long, Mr Burling and Mr Waggott payments for pension contribution.

⁶ When contractually agreed cap for total remuneration to be paid is exceeded, LTIP is reduced proportionally.

3. REMUNERATION PAID

REMUNERATION PAID

€ '000	Friedrich Jousen Joint CEO, since 14 February 2013 ¹		Peter Long Joint CEO, 12 December 2014 until 9 February 2016 ²		Horst Baier CFO, since 8 November 2007	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Fixed remuneration	1,080.4	1,100.0	884.8	397.2	791.9	803.0
Fringe benefits	51.6	45.4	33.7	6.8	20.1	18.7
Total	1,132.0	1,145.4	918.4	404.0	812.0	821.7
JEV	1,326.3	970.2	1,326.3	396.6	648.7	474.6
Additional Remuneration	500.0	920.0	500.0	179.6	320.0	450.0
LTIP	–	820.0	–	2,023.2	1,853.6	1,220.2
Cash deferral (FY 2012/13)					152.4	
Cash deferral (FY 2013/14)					171.2	144.2
Cash deferral (FY 2014/15)						
LTIP (2011/12–2014/15)					1,530.0	
LTIP (2012/13–2015/16)		820.0				1,076.0
LTIP (2014/15–2017/18)			–	1,618.6		
LTIP (2015/16–2018/19)			–	404.7		
Others	–	–				
Total	2,958.3	3,855.6	2,744.8	3,003.4	3,634.3	2,966.5
Pension/service costs ⁵	648.9	726.0	365.6	164.1	401.2	22.3
Total remuneration	3,607.2	4,581.6	3,110.3	3,167.5	4,035.5	2,988.8

REMUNERATION PAID

€ '000	David Burling Member of Executive Board, since 1 June 2015		Sebastian Ebel Member of Executive Board, since 12 December 2014		Dr Elke Eller Member of Executive Board/ Human Resources, since 15 October 2015	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Fixed remuneration	200.0	600.0	547.0	680.0		654.2
Fringe benefits	15.3	42.1	14.3	18.0		23.8
Total	215.3	642.1	561.2	698.0		678.0
JEV	192.2	421.8	371.1	337.5		304.4
Additional Remuneration	–	400.0	320.0	320.0		300.0
LTIP						–
Cash deferral (FY 2012/13)						
Cash deferral (FY 2013/14)						
Cash deferral (FY 2014/15)						
LTIP (2011/12–2014/15)						
LTIP (2012/13–2015/16)						
LTIP (2014/15–2017/18)						
LTIP (2015/16–2018/19)						–
Others						
Total	407.5	1,463.9	1,252.3	1,355.5		1,282.4
Pension/service costs ⁵	75.0	225.0	279.2	328.5		405.0
Total remuneration	482.5	1,688.9	1,531.5	1,684.0		1,687.4

REMUNERATION PAID

		William Waggott⁴	
		Member of Executive Board, 12 December 2014 until 30 June 2016	
€ '000	2014/15	2015/16	
Fixed remuneration	555.0	540.0	
Fringe benefits	28.5	13.5	
Total	583.5	553.5	
JEV	475.7	270.0	
Additional Remuneration	–	–	
LTIP	–	1,075.0	
Cash deferral (FY 2012/13)			
Cash deferral (FY 2013/14)	–		
Cash deferral (FY 2014/15)			
LTIP (2011/12–2014/15)			
LTIP (2012/13–2015/16)			
LTIP (2014/15–2017/18)	–	550.0	
LTIP (2015/16–2018/19)	–	525.0	
Others			
Total	1,059.2	1,898.5	
Pension/service costs ⁵	190.0	177.2	
Total remuneration	1,249.2	2,075.7	

¹ Joint CEO until 9 February 2016; Member of the Executive Board since 15 October 2012

² Member of the Executive Board since 3 September 2007

³ Fixed remuneration includes €63k received for his seat on the supervisory board of Hapag Lloyd AG that is not counted towards fixed remuneration of TUI AG

⁴ Remuneration paid acc. to termination agreement, LTIP for financial year 2014/15 and 2015/16 (pro rated) corresponds to target amount and is part of severance payment.

⁵ For Mr Joussem, Mr Baier, Mr Ebel and Dr Eller service costs acc. to IAS 19; for Mr Long, Mr Burling and Mr Waggott payments for pension contribution.

The remuneration paid for the last expired financial year shows the cash payment for the performance reference period "LTIP 2012/13–2015/16" for Mr Baier and Mr Joussem, the early redemption of Mr Long's LTIP entitlements contractually agreed between Mr Long and TUI AG as well as the redemption of Mr Waggott's LTIP entitlements contained in the severance payment.

In his service contract of 30 July 2012, a contractual advance payment of €1,280.0 thousand was agreed with Mr Joussem for the performance reference period „LTIP 2012/13–2015/16" and paid. The payment was deducted from the entitlement for the entire performance reference period "LTIP 2012/13–2015/16" that actually arose upon expiry of financial year 2015/16. In this respect, only the remaining difference of €820 thousand is shown in the aforementioned table as remuneration paid.

IX. REVIEW OF APPROPRIATENESS OF THE REMUNERATION OF EXECUTIVE BOARD MEMBERS AND OF THE PENSION

Following the end of financial year 2015/16, the Supervisory Board carried out the annual review of the remuneration of Executive Board members and the pensions for financial year 2015/16. It concluded that

these are appropriate in accordance with section 87(1) German Stock Corporation Act.

The Supervisory Board also regularly makes use of external advisors when assessing the appropriateness of the remuneration of Executive Board members and of the pension. Firstly, from an outside perspective, the level and structure of the remuneration of Executive Board members is assessed in relation to the remuneration of senior management and the workforce as a whole (vertical comparison). In addition to a status quo review, the vertical comparison also takes into account how this relationship changes over time. Secondly, the remuneration level and structure are assessed on the basis of a positioning of TUI AG in a peer market made up of a combination of DAX and MDAX companies that are similar to TUI AG in terms of size and complexity of business (horizontal comparison). In addition to the fixed remuneration, the horizontal comparison also covers the short and long-term remuneration components as well as the amount of the company pension. For financial year 2015/16, the Supervisory Board commissioned a consultancy company, hkp Group AG, to prepare an expert report on the appropriateness of the remuneration level for Executive Board members. The partner of hkp Group AG commissioned by the Supervisory Board and responsible for carrying out the assessment is independent of the Executive Board of TUI AG and the company. The finding of the external advisor supported the judgment of the Supervisory Board that the level of remuneration of Executive Board members complies with section 87 (1) German Stock Corporation Act as well as the recommendations of the GCGC.

X. REMUNERATION OF THE SUPERVISORY BOARD

On 9 February 2016 the Annual General Meeting of TUI AG passed a resolution to change the remuneration of the Supervisory Board to fixed remuneration only as well as to adjust the amount of the fixed remuneration components. The new remuneration model applies retroactively as of 1 October 2015. As a result, the variable remuneration that is granted in accordance with the provisions of the Articles of Association applicable until 9 February 2016 and based on the long-term success of the company will no longer be paid.

The aforementioned provisions and remuneration of members of the Supervisory Board follow from section 18 of TUI AG's Articles of Association, which has been made permanently accessible to the public on the internet [insert link here]. The remuneration of the Supervisory Board is reviewed at appropriate intervals. In this regard the expected time required for the performance of their duties and the practice in companies of a similar size, industry and complexity are taken into account.

⊕ *Articles of Association online www.tuigroup.com/en-en/investors/corporate-governance*

PURPOSE AND LINK TO COMPANY STRATEGY

Highly-qualified Supervisory Board members should be acquired and retained.

PROCEDURE

The members of the Supervisory Board receive fixed remuneration of €90.0 thousand per financial year, payable upon completion of the financial year, besides reimbursement of their expenses. The Chairman of the Supervisory Board receives three times, the deputy chairs twice the fixed remuneration of an ordinary member.

An additional fixed remuneration of €42.0 thousand is paid for membership in committees of the Supervisory Board (the Presiding Committee, Audit Committee, Integration Committee and the Strategy Committee, which was newly formed in financial year 2015/16, with the exception of the Nomination Committee). The chairman of the audit committee receives three times and the chairman of the strategy committee twice this remuneration. This remuneration is also paid out upon completion of the respective financial year.

In the course of the aforementioned change of the remuneration model, the members of the Supervisory Board will still be entitled to the long-term variable remuneration component granted in the past financial years 2012/13, 2013/14 and 2014/15. This is calculated according to the average undiluted earnings per share for the respective last three financial years. The entitlements from financial years 2013/14 and 2014/15 acquired prior to the change to fixed remuneration only were redeemed on the basis of planned values for the earnings per share. Since reducing the remuneration of the members of the Supervisory Board for past and current financial years is not permitted under stock corporation law, it is needed to be checked – upon completion of financial years 2015/16 and 2016/17 – whether this has taken place as a result of the change to the remuneration model. If using the average earnings per share actually achieved were to lead to higher long-term incentives than taking into account the planned values would, the corresponding difference is to be paid to the relevant members of the Supervisory Board upon the close of the Annual General Meeting that will vote on the ratification of the acts of the Supervisory Board for the respective financial year. Regarding the remuneration granted in financial year 2015/16, it will be reviewed – upon completion of financial year 2017/18 – whether applying the remuneration model valid until 9 February 2016 would have resulted in higher remuneration than applying the new model would have. If this is the case, the corresponding difference has to be paid to the members of the Supervisory Board upon the close of the Annual General Meeting 2019.

The members of the Supervisory Board do not receive any other remuneration components or fringe benefits. In all cases the remuneration relates to a full financial year. For parts of a financial year or short financial years, the remuneration is paid on a pro rata basis.

The members of the Supervisory Board and the committees receive an attendance fee of €1.0 thousand per meeting, regardless of the form of the meeting.

The members of the Supervisory Board are included in a financial liability insurance policy (D&O insurance) taken out in an appropriate amount by the company and in its interest. The relevant insurance premiums are paid by the company. In line with the recommendation of the German Corporate Governance Code, there is a deductible for which the Supervisory Board members can take out their own private insurance.

CAP

Due to the change to fixed remuneration only, it is no longer necessary to determine a maximum total remuneration of the members of the Supervisory Board.

XI. REMUNERATION OF THE SUPERVISORY BOARD AS A WHOLE

TOTAL REMUNERATION OF SUPERVISORY BOARD		
€ '000	2015/16	2014/15
Fixed remuneration	2,141.8	1,081.6
Long-term variable remuneration ¹	1,108.7	628.3
Fixed remuneration for committee membership	1,166.6	797.6
Attendance fee	283.0	306.0
Remuneration for TUI AG Supervisory Board mandate	4,700.0	2,813.5
Remuneration for Supervisory Board mandates in the Group	20.5	15.5
Total	4,720.6	2,829.0

¹ Due to a resolution passed in the Annual General Meeting 2016 the variable remuneration of the Supervisory Board was replaced in financial year 2015/16.

In addition, travel and other expenses totalling €461.0 thousand (previous year: €421.0 thousand) were reimbursed. Total remuneration of the Supervisory Board members thus amounted to €5,181.6 thousand (previous year: €3,250.6 thousand).

XII. REMUNERATION OF INDIVIDUAL SUPERVISORY BOARD MEMBERS FOR THE FINANCIAL YEAR 2015/16

REMUNERATION OF INDIVIDUAL SUPERVISORY BOARD MEMBERS FOR FINANCIAL YEAR 2015/16						
€ '000	Fixed remuneration	Long-term variable remuneration	Fixed remuneration for committee membership	Attendance fee	Remuneration for Supervisory Board memberships in the Group	Total
Prof. Dr Klaus Mangold (Chairman)	270.0	207.6	153.0	29.0		659.6
Frank Jakobi (Deputy Chairman)	180.0	98.2	111.0	19.0		408.2
Sir Michael Hodgkinson (Deputy Chairman)	180.0	46.9	84.0	21.0		331.9
Andreas Barczewski	90.0	69.2	57.1	18.0	5.0	239.3
Peter Bremme	90.0	51.7	27.0	11.0		179.7
Prof. Dr Edgar Ernst	90.0	69.2	168.0	17.0		344.2
Wolfgang Flintermann (since 13 June 2016)	26.8	0.0	0.0	2.0		28.8
Angelika Gifford (since 9 February 2016)	57.8	0.0	27.0	5.0		89.8
Valerie Gooding	90.0	31.9	53.9	9.0		184.8
Dr Dierk Hirschel	90.0	30.8	27.0	11.0		158.8
Janis Kong	90.0	31.9	27.0	10.0		158.9
Peter Long (since 9 February 2016)	57.8	0.0	53.9	6.0		117.7
Coline McConville	90.0	31.9	53.9	13.0		188.8
Alexey Mordashov (since 9 February 2016)	57.8	0.0	53.9	8.0		119.7
Michael Pönipp	90.0	67.1	42.0	14.0	15.5	228.6
Timothy Powell (until 9 February 2016)*	32.3	0.0	30.1	7.0		69.4
Wilfried Rau (deceased on 30 March 2016)	45.0	32.1	0.0	4.0		81.1
Carmen Riu Güell	90.0	69.2	42.0	15.0		216.2
Carola Schwirn	90.0	51.1	0.0	8.0		149.1
Maxim Shemetov (until 9 February 2016)	32.3	28.0	15.1	10.0		85.4
Anette Stempel	90.0	69.2	42.0	15.0		216.2
Prof. Christian Strenger (until 9 February 2016)	32.3	43.2	30.1	6.0		111.6
Ortwin Strubelt	90.0	69.2	69.0	17.0		245.2
Stefan Weinhofer (since 9 February 2016)	57.8	0.0	0.0	5.0		62.8
Marcell Witt (until 9 February 2016)	32.3	10.3	0.0	3.0		45.6
Total	2,141.8	1,108.7	1,166.6	283.0	20.5	4,720.6

* Mr Powell declared to waive his long-term variable remuneration.

Apart from the work performed by the employees' representatives pursuant to their contracts, none of the members of the Supervisory Board provided any personal services such as consultation or agency

services for TUI AG or its subsidiaries in financial year 2015/16 and thus did not receive any additional remuneration arising out of this.