REMUNERATION REPORT

The remuneration report mainly explains the remuneration of the members of TUI AG's Executive Board and the remuneration of the members of the Supervisory Board in accordance with the Articles of Association. The underlying remuneration systems are based in particular on the recommendations of the German Corporate Governance Code (DCGK), the requirements of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG) and, where possible, the recommendations of the UK Corporate Governance Code (UK CGC). In addition, the remuneration report includes the disclosures required by section 162 of the German Stock Corporation Act as amended by the Act Implementing the Second Shareholders' Rights Directive (ARUG II). TUI AG thus also implements the requirements on the remuneration report resulting from the second framework agreement on the granting of stabilisation measures, which it concluded with the Economic Stabilisation Fund on 4 January 2021 (Framework Agreement II).

As a German stock corporation, TUI AG is also listed on the London Stock Exchange (LSE). Where mandatory rules on the governance structure and legal requirements of a German stock corporation are affected, these are presented accordingly in this report and, where appropriate, placed in the context of the UK CGC.

Executive Board and Executive Board Remuneration

CONFIRMATION OF THE REMUNERATION SYSTEM BY THE SHAREHOLDERS

Following preparatory work in financial year 2019, the Supervisory Board of TUI AG adopted a revised remuneration system for the members of the Executive Board in December 2019 with retroactive effect from the beginning of financial year 2020, i. e. 1 October 2019. The remuneration system in its revised form was approved by TUI AG shareholders at the Annual General Meeting on 11 February 2020, also with retrospective effect from the beginning of financial year 2020. In addition to the statutory requirements, the revision of the remuneration system took into account the recommendations of the DCGK as amended on 7 February 2017 and the draft of the new version of the DCGK as of 16 December 2019. In addition, the recommendations of the UK CGC and a different market practice in the United Kingdom were also taken into account in the revision. Against the background of changes in market practice and further developments in the structure of Executive Board remuneration since the last fundamental revision of the remuneration system, the remuneration system for TUI AG's Executive Board was revised to include and take account of the aforementioned perspectives and approved by TUI AG's shareholders: The defined performance indicators are designed to take account of the interests of all stakeholders and create value for our equity and debt providers. In revising the Executive Board remuneration system, the Supervisory Board was supported by renowned, independent external remuneration consultants PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC).

The revision of the remuneration system included, among other things, different performance targets for the short-term incentive plan (STI). In addition, the Total Shareholder Return (TSR) performance target is no longer used in the calculation of the long term incentive plan (LTIP). In addition, the revised remuneration system now also includes malus and clawback rules, thus taking into account the requirements of UK-based stakeholders and the amended recommendations of the DCGK in particular.

According to the German Stock Corporation Act (AktG) in the version of SRD II, the Supervisory Board must in future submit the remuneration system for approval whenever there is a significant change, but at least every four years. The Supervisory Board had to make such a submission for the first time at the first ordinary Annual General Meeting following 31 December 2020. TUI AG's previous voluntary procedure in line with the UK CGC already largely complied with these new requirements. In its resolution of 25 March 2021, the AGM approved the remuneration system for Executive Board members by 95.8 % and thus adopted it.

COMPOSITION OF THE BOARD OF DIRECTORS

In financial year 2021, the Executive Board consisted of a total of six members. The service agreements of two Executive Board members were not renewed at their own request and they therefore no longer belong to TUI AG's active Executive Board. They were replaced by new members.

- Friedrich Joussen: CEO
- David Burling: CEO Markets
- Sebastian Ebel: CEO Hotels & Resorts, Cruises, Destination Experiences until 31 December 2020, CFO since 1 January 2021
- Peter Krueger: CSO, Member of the Executive Board since 1 January 2021
- Sybille Reiss: CHRO / Labour Director, Member of the Board since 1 July 2021
- Frank Rosenberger: CIO

- Birgit Conix: CFO, Member of the Executive Board until 31 December 2020
- Dr Elke Eller: CHRO / Labour Director, Member of the Executive Board until 30 June 2021

GENERAL PRINCIPLES

Upon recommendation of the Presiding Committee, the Supervisory Board determines the remuneration of the individual members of the Executive Board in accordance with section 87 (1) sentence 1 AktG. In addition, the Supervisory Board regularly reviews the remuneration system for the Executive Board.

In particular, the following principles are taken into account:

- Comprehensibility and transparency
- Economic situation, success and sustainable development of the company
- Linking the shareholder interest in value enhancement and profit distribution with corresponding performance incentives for the members of the Executive Board
- Competitiveness in the market for highly qualified managers
- Appropriateness and orientation towards tasks, responsibility and success of each individual member of the Executive Board, also in a relevant environment of comparable international companies, taking into account the typical practice in other large German companies
- Linking a significant part of the total remuneration to the achievement of demanding long-term performance targets
- Appropriate relationship between the amount of the fixed remuneration and the performance-related remuneration
- Adequacy in horizontal and vertical comparison (see page 138)

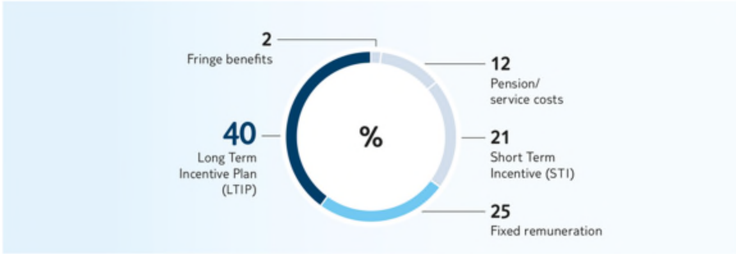
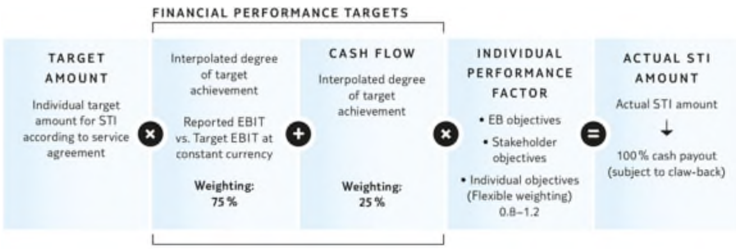
The remuneration system and the service agreements of the members of the Executive Board stipulate in particular,

- how the target total remuneration is determined for the individual members of the Executive Board and what amount the total remuneration may not exceed (maximum remuneration),
- the relative share of fixed remuneration on the one hand and short-term variable and long-term variable remuneration components on the other hand in the target total remuneration,
- which financial and non-financial performance criteria are decisive for variable remuneration components,
- what the relationship is between the achievement of the previously agreed performance criteria and the variable remuneration,
- in what form and when the member of the Executive Board can dispose of the variable remuneration amounts.

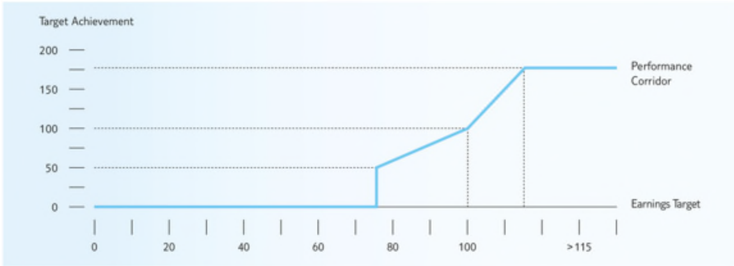
The remuneration system adopted by the Supervisory Board at the end of 2019 and approved by the 2021 Annual General Meeting also contains a malus and clawback provision. Accordingly, in the event of a serious breach by the beneficiary of the principles contained in the company's Code of Conduct or of due diligence in the management of the company during the assessment period of the corresponding variable remuneration components, the company may reduce or cancel the payment amounts in full or demand their return in full or in part after payment. The Supervisory Board shall decide on this in each individual case at its due discretion and shall take into account in its decision in particular the severity of the violation as well as the amount of the financial or reputational damage caused thereby.

I. REMUNERATION OF THE EXECUTIVE BOARD IN THE FINANCIAL YEAR 2021

In financial year 2021, the remuneration of the Executive Board members consisted of: (1) a fixed remuneration, (2) a performance-related annual bonus as short-term incentive (STI), (3) virtual shares in TUI AG under the long term incentive plan (LTIP), (4) fringe benefits and (5) pension benefits. The following table provides an overview of the individual components of the remuneration system for Executive Board members in force and approved by the Annual General Meeting as well as the structure of the individual remuneration components. All information in the table is subject to the remuneration restrictions set out under 'Remuneration Restrictions based on the Framework Agreement with the Economic Stabilisation Fund' on page 130.

Target total remuneration	TARGET	The target total remuneration of the members of the Executive Board was determined subject to the application of the remuneration restrictions arising from Framework Agreement II.
	COMPOSITION OF THE TARGET TOTAL REMUNERATION OF ALL MEMBERS OF THE EXECUTIVE BOARD	
(1) Fixed remuneration	TARGET	Fixed remuneration paid in twelve equal monthly instalments in arrears at the end of the month, taking into account the applicable tax and social security regulations. Together with the other remuneration components, the fixed remuneration forms the basis for attracting and retaining the highly qualified members required for the development and implementation of the corporate strategy for the Executive Board.
	INTRA-GROUP MANDATES	No separate remuneration / credit against fixed remuneration
	EXTRA-GROUP MANDATES	No offsetting against fixed remuneration, subject to approval by the Supervisory Board
(2) STI	TARGET	STI is designed to motivate members of the Executive Board to achieve demanding and challenging financial, operational and strategic goals during a financial year. The targets reflect the corporate strategy and are aimed at increasing the value of the company. In particular, through the link to EBIT, the one-year variable remuneration is linked to the achievement of a key Group performance indicator in the respective financial year.
	DESCRIPTION STI	
	TARGET AMOUNT	Contractually agreed, individual target amount
	OVERALL TARGET ACHIEVEMENT	• Total target achievement of the financial ratios • Interpolation: 0 % to 180 % • Individual power: 0.8 to 1.2 • Adjustment element pursuant to section G.11 DCGK • Compliance Claw-back
Group key figure 1	GROUP KEY FIGURE	EBIT (Reported)
	TARGET ACHIEVEMENT	Actual vs. target value at constant currency
	TARGET ACHIEVEMENT CORRIDOR	75 % – 115 %

PERFORMANCE CORRIDOR EBIT IN %



WEIGHTING 75 %

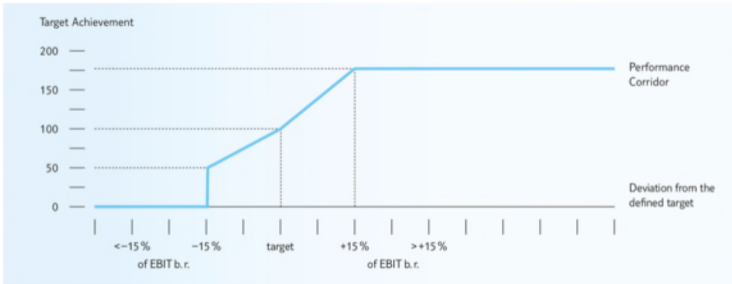
Group key figure 2

GROUP KEY FIGURE Cash flow before dividends

TARGET ACHIEVEMENT Target value against + / – 15 % of EBIT to budget rates

TARGET ACHIEVEMENT CORRIDOR 85 % – 115 %

PERFORMANCE CORRIDOR CASH FLOW TO THE FIRM IN %



WEIGHTING 25 %

Individual performance

TARGET For each financial year, the Supervisory Board sets performance criteria for the individual performance of the beneficiary, the performance of the entire Executive Board and the achievement of stakeholder goals and their weighting in relation to each other. ESG goals are always taken into account here.

TARGET ACHIEVEMENT CORRIDOR 0.8 to 1.2

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(3) LTIP

TARGET The company's value and the value for the shareholders (so-called shareholder value) are to be increased in the long term by setting ambitious goals that are closely linked to the company's earnings, the share price development and the dividend. By linking earnings per share and the development of the share price, a congruence is established between the interests and expectations of the shareholders and the remuneration of the Executive Board. The performance period of four years helps to ensure that the actions of the Executive Board in the current financial year are also aligned with the long-term development of the company.

DESCRIPTION LTIP

TARGET AMOUNT Contractually agreed, individual target amount

OVERALL TARGET ACHIEVEMENT
- Interpolation: 0 % to 175 %
- Adjustment: EPS < 0.50 €

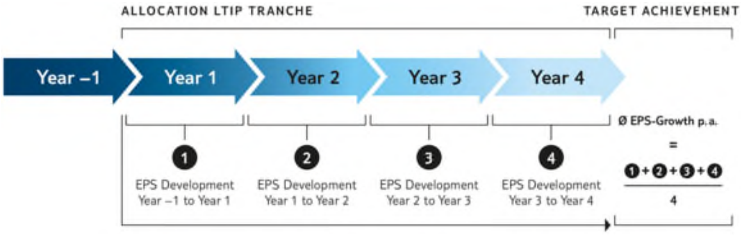
- Claw-back

Group key figure

GROUP KEY FIGURE: EPS

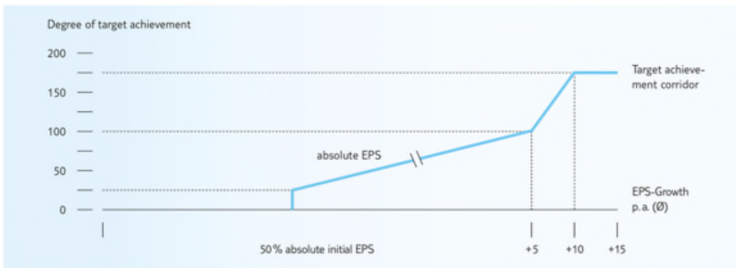
TARGET ACHIEVEMENT: EPS p. a. based on four weighted annual amounts

ALLOCATION OF VIRTUAL SHARES



TARGET ACHIEVEMENT CORRIDOR: Ø 50 % Start EPS to Ø 10 % p. a.

TARGET ACHIEVEMENT CORRIDOR EPS IN %



Shares

- Allocation of a provisional number of virtual shares calculated from the quotient of the agreed individual target amount and the average XETRA share price of TUI AG
- The final number of virtual shares is calculated from the product of the preliminary number of virtual shares and the degree of target achievement of the key figures

Payment

Multiplication of the final number of virtual shares by the average XETRA share price of TUI AG over the 20 trading days preceding the last day of the performance period.

(4) Fringe benefits

TARGET: The fringe benefits should be competitive in the market for highly qualified members of the Executive Board in order to attract and retain suitable candidates for the company in the long term. Furthermore, an attractive working environment shall be created for the members of the Executive Board.

- For business trips, reimbursement of travel expenses
- Reimbursement twice in the financial year (incl. discount for family members).
  Applies only to service agreement relationships established before September 2020
- Discount of 75 % on flights with a TUI airline. Applies only to service agreement relationships established before September 2020
- Accident insurance
- Subsidy for health and long-term care insurance
- Criminal law protection and D&O insurance
- Company car / car allowance

(5) Maximum remuneration

TARGET

- CEO: € 7,500 k
- Other Executive Board: € 3,500 k
- Contractually defined upper limit for total remuneration (incl. fixed remuneration, STI, LTIP, company pension scheme and fringe benefits. If the contractually defined upper limit of the total remuneration is exceeded, the LTIP is reduced proportionately in the inflow. The contractu-

		ally defined upper limit of the total remuneration corresponds to the respective maximum total remuneration for the members of the Executive Board determined by the Supervisory Board.
(6) Severance payment cap in the event of early termination of contract	TARGET	• CEO: Severance payment limited to the value of two years' remuneration • Other Executive Board members: Severance payment limited to the value of one year's remuneration • No change-of-control clauses agreed
	MAXIMUM REMUNERATION	(see table below)

€ '000	Fixed remuneration[1]	JEV	LTIP	Maximum total remuneration
Friedrich Joussen	1,100.0	2,743.2	4,392.0	7,500.0
David Burling	680.0	1,080.0	2,208.0	3,500.0
Birgit Conix	680.0	1,188.0	2,208.0	3,500.0
Sebastian Ebel	680.0	1,080.0	2,208.0	3,500.0
Dr Elke Eller	680.0	1,177.2	2,208.0	3,500.0
Peter Krueger	600.0	1,004.4	1,836.0	3,500.0
Sybille Reiss	600.0	1,004.4	1,836.0	3,500.0
Frank Rosenberger	600.0	1,004.4	1,836.0	3,500.0

[1] Fixed amount, no cap applied

(7) Pension benefits	TARGET	The aim is to attract and retain the highly qualified members of the Executive Board necessary for the development and implementation of the corporate strategy. The pension benefits or the pension subsidy should be competitive in the market for highly qualified members of the Executive Board and offer them an appropriate level of benefits in retirement.
Contributions to the company pension scheme		• Mr Joussen: € 454.5 k per year. In the case of Mr Joussen, the resulting pension can be paid out when he reaches the age of 62. • Mr Ebel: € 207.0 k per year. In the case of Mr Ebel, the resulting pension can be paid out when he reaches the age of 62. • Dr Eller: € 230.0 k per year. In the case of Dr Eller, the resulting pension can be paid out when she reaches the age of 63. • Mr Rosenberger: € 230.0 k per year. In the case of Mr Rosenberger, the resulting pension can be paid out when he reaches the age of 63.
Fixed annual payout amounts for the purpose of retirement benefits		• Mr Burling: € 225.0 k per year • Ms Conix: € 230.0 k per year • Mr Krueger: € 230.0 k per year • Ms Reiss: € 230.0 k per year

I.1 PENSION PROVISIONS FOR THE CURRENT MEMBERS OF THE EXECUTIVE BOARD UNDER TUI AG'S PENSION SCHEME

Pension obligations for active members of the Executive Board in accordance with IAS 19 totalled € 15,984.5 k as at 30 September 2021 (previous year: € 16,649.6 k). Of this amount, € 5,762.4 k (previous year: € 5,721.7 k) related to entitlements earned by Mr Ebel in the framework of his work for the TUI Group until 31 August 2006. The remaining entitlements were distributed as follows:

Pensions and the amounts spent or accrued for this purpose by the current members of the Executive Board under TUI AG's pension plan

	Addition to / reversal from pension provisions		Net present value	
€ '000	**2021**	2020	**30 Sep 2021**	30 Sep 2020
Friedrich Joussen	497.2	215.9	5,445.8	4,948.6
Sebastian Ebel	235.4	118.6	2,419.2	2,183.8
Dr Elke Eller	466.8	249.3	2,248.0	1,781.2
Frank Rosenberger	342.8	203.8	2,357.0	2,014.2
Total	**1,542.2**	**787.6**	**12,470.0**	**10,927.8**

As regards the pension commitments of Mr Ebel, Dr Eller and Mr Rosenberger, corresponding assets were transferred in each case to a trustee on a fiduciary basis in line with the contractual agreement in order to finance the pension rights and to secure in case of a security event.

No changes to these commitments were made in financial year 2021.

I.2 BENEFITS IN THE EVENT OF PREMATURE TERMINATION OF BOARD MEMBERSHIP

The payments to be made to a member of the Executive Board in the event of premature termination of his service agreement without good cause are in principle limited in Mr Joussen's service agreement to the value of two years' remuneration. In the service agreements of Ms Conix and Mr Rosenberger, it is agreed that payments in the event of premature termination of Executive Board activities without good cause – in the case of premature termination during the first year after the service agreement comes into force – may not exceed the value of two years' remuneration and – in the case of premature termination after the end of the first year after this service agreement comes into force – may not exceed the value of one year's remuneration (severance payment cap).

In the service agreements of Mr Burling, Mr Ebel, Dr Eller, Mr Krueger and Ms Reiss, it is agreed that payments in the event of premature termination of their Executive Board activities without good cause may not exceed the value of one year's remuneration (severance payment cap).

For all members of the Executive Board, no more than the remaining term of the service agreement is compensated. For the calculation of the severance payment cap, the target direct remuneration (fixed remuneration, target amount of the STI and target amount of the LTIP) of the past financial year and, if applicable, also the expected target direct remuneration for the current financial year are taken into account. If the service agreement is terminated for cause, members of the Executive Board do not receive any benefits.

If the appointment of a member of the Executive Board is revoked, the respective service agreement shall also end. If the revocation is not based on a reason, which at the same time constitutes an important reason for termination of the service agreement without notice, the service agreement shall end upon expiry of a period of expiry. This expiry period is generally twelve months. An expiry period of 24 months has been agreed with Mr Joussen.

In the event of premature termination of the service agreement, the STI and the payments from the LTIP are regulated as follows:

- STI:
  - If the service agreement is terminated by the Company before the end of the one-year performance period for good cause for which the member of the Executive Board is responsible, or if the member of the Executive Board resigns without good cause, the entitlement to an annual bonus for the performance period in question shall lapse without replacement or compensation.
  - In all other cases of early termination of the service contract before the end of the one-year performance period, the STI shall be paid pro rata temporis.

- LTIP:
  - Claims under the LTIP shall lapse without replacement or compensation for all tranches not yet disbursed if the service agreement is terminated by TUI AG before the end of the performance period for cause for which the Executive Board member is responsible or by the Executive Board member without cause.
  - If the service agreement ends before the end of the performance period for other reasons, the entitlements under the LTIP for tranches not yet paid out are retained. The tranche for the current financial year is reduced pro rata temporis. The amount to be paid out is determined in the same way as in the case of a continuation of the service agreement.

It has been agreed with Mr Joussen and Mr Burling that they may unilaterally resign from their positions as members of the Executive Board as of 1 June 2022 with a notice period of three months to 30 September 2022, in which case STI and LTIP will be paid out in accordance with the service agreement and will not expire. Should Mr Joussen or Mr Burling exercise this right of resignation, the respective service agreement will end after an expiry period of 24 and 9 months respectively.

TUI AG shall be entitled to release the members of the Executive Board in connection with a termination of the service agreement, in particular following a termination of this service agreement, irrespective of the party by which such termination is declared, or following the conclusion of a termination agreement, in whole or in part from the obligation to perform work with continued payment of remuneration. The release shall initially be irrevocable for the duration of any outstanding holiday entitlements, which are thereby settled. Subsequently, the release shall be maintained until the termination of the service agreement. It is revocable if there are questions in connection with the settlement of the employment relationship or if a temporary activity becomes necessary for operational reasons.

The rest of the service agreement is not affected by this. The service agreement of the members of the Executive Board do not contain any change-of-control clauses.

I.3 BENEFITS AND BENEFIT COMMITMENTS TO MEMBERS OF THE EXECUTIVE BOARD WHO HAVE LEFT THE EXECUTIVE BOARD IN FINANCIAL YEAR 2021

Ms Birgit Conix resigned from the Executive Board of TUI AG in financial year 2021. Ms Conix was originally appointed as a member of TUI AG's Executive Board until the end of 14 July 2021. TUI AG and Ms Conix terminated the Executive Board mandate prematurely by mutual agreement as at the end of 31 December 2020. On the occasion of the termination, TUI AG concluded a termination agreement with Ms Conix. The subject matter of the termination agreement included the continuation of the service agreement until the end of the regular termination date, i. e. until the end of 14 July 2021. TUI AG promised Ms Conix to process her remuneration in accordance with the service agreement until the termination date of the service agreement. Until this date, TUI AG has committed to a fixed annual payout amount for the purpose of retirement benefits. Ms Conix also had her company car at her disposal until the end of 31 December 2020 and was entitled to the agreed fringe benefits until that date.

In addition, Dr Elke Eller resigned from TUI AG's Executive Board in financial year 2021. Dr Eller was originally appointed as a member of TUI AG's Executive Board until the end of 14 October 2021 and was appointed Labour Director. TUI AG and Dr Eller terminated the Executive Board mandate and the office of Labour Director prematurely by mutual agreement as per the end of 30 June 2021. On the occasion of the termination, TUI AG concluded a termination agreement with Dr Eller. The subject matter of the termination agreement included the continuation of the service agreement until the end of the regular termination date, i. e. until 14 October 2021. TUI AG promised Dr Eller that it would process her remuneration in accordance with the service agreement until the termination date of the service agreement. TUI AG also continued to make contributions to the company pension scheme until this date. Dr Eller also had her company car at her disposal until the end of 30 June 2021 and was entitled to the agreed fringe benefits until that date.

II REMUNERATION RESTRICTIONS BASED ON THE FRAMEWORK AGREEMENT WITH THE ECONOMIC STABILISATION FUND (WSF)

Principle

On 4 January 2021, TUI AG concluded a framework agreement with the Economic Stabilisation Fund (Wirtschaftsstabilisierungsfonds – WSF) on the granting of stabilisation measures, which sets out various requirements for the remuneration of Executive Board members during the utilisation of stabilisation measures (Framework Agreement II). According to this agreement, any member of the Executive Board already appointed on 31 December 2019 may not receive any remuneration in excess of the basic remuneration of this member of the Executive Board as at 31 December 2019 (including any Group remuneration in the event of dual employment at another Group company) as long as at least 75 % of the stabilisation measure has not been repaid. The framework agreement also stipulates that, as long as TUI AG makes use of the stabilisation measure, it will not grant and thus not constitute any bonuses, other variable or comparable remuneration components or special payments in the form of share packages, bonuses or other separate remuneration in addition to the fixed salary, other remuneration components and benefits at the discretion of the company or severance payments not required by law to members of the Executive Board 'including any Group remuneration'.

For members of the Executive Board who are appointed as a member of the Executive Board at the time the stabilisation measure is granted or thereafter, the upper limit shall be the basic remuneration of members of the Executive Board with the same level of responsibility as at 31 December 2019.

Procedure

TUI AG has agreed corresponding amendments to the service agreements with all Executive Board members, adjusting the benefits generally promised under the remuneration system to the remuneration restrictions agreed with the Economic Stabilisation Fund.

Due to the corresponding amendment of the service agreements and the waivers of the Executive Board members, TUI AG deviates from the remuneration system in place in financial year 2021 with regard to the Short Term Incentive (STI) and the Long Term Incentive Plan (LTIP). The deviation is in the interest of TUI AG and is a prerequisite for TUI AG to be able to take advantage of stabilisation measures in accordance with the Economic Stabilisation Fund Act, if required. Apart from that, there were no deviations from the current remuneration system in financial year 2021.

III OVERVIEW: INDIVIDUAL REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

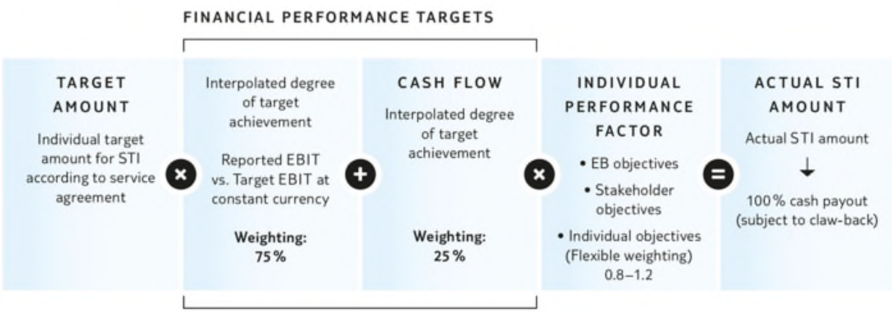
III.1 ACHIEVEMENT OF OBJECTIVES

The following describes how the performance criteria were applied and the targets for the variable remuneration components were achieved in financial year 2021.

III.1.1 STI

The multiplication of the target amounts with the weighted target achievement levels for EBIT and cash flow and the individual performance factor results in the amount taken into account for the payment of the STI per member of the Executive Board.

Description JEV



III.1.1.1 REMUNERATION PAID AND OWED IN FINANCIAL YEAR 2021 FROM STI

With regard to STI's individual performance factor for financial year 2020, the Supervisory Board decided before the start of financial year 2020 to defer the individual targets in favour of the overall Executive Board targets against the backdrop of the company-wide transformation process. Thus, the further implementation of the transformation by reducing complexity in the system landscape but also operationally and the expansion of the digital platform across all source markets were an essential part of the objective. Closely linked to this, the Supervisory Board has defined engagement goals that include, in particular, the retention and participation of employees and managers as well as a comprehensive change management process.

In addition, the members of the Executive Board have been given ambitious ESG targets. These include reducing the environmental impact of holidaymakers and strengthening the positive impact of tourism in the respective destinations. Due to the voluntarily declared waiver by the members of the Executive Board, the Supervisory Board has waived a determination of target achievement for EBIT and cash flow. The effects of the COVID-19 pandemic, which led to a temporary cessation of business operations and a considerable liquidity bottleneck, meant that neither of the two performance targets could have been achieved in financial year 2020, despite a strong start to the financial year in terms of bookings and massive cost-saving measures. As a result, there is no remuneration paid and owed in financial year 2021 within the meaning of section 162 para. 1 sentence 1, sentence 2 no. 1 AktG from the STI for financial year 2020.

Accordingly, the Supervisory Board waived the determination of the individual performance factor. Despite the immense amount of work demanded of the members of the Executive Board by the extraordinary challenges of financial year 2020, they showed above-average commitment and dedication, while remaining focused on the agreed targets. After intensive discussion and despite the voluntary waiver by the members of the Executive Board, the Supervisory Board has come to the conclusion that the targets have been met extremely satisfactorily and in part ahead of schedule, within the bounds of what is technically and operationally possible and taking into account the special challenges.

III.1.1.2 OUTLOOK FOR THE REMUNERATION PAID AND OWED IN FINANCIAL YEAR 2022 FROM STI

The EBIT and cash flow targets set by the Supervisory Board are based on the operational annual planning and are in line with the financial communication. The Supervisory Board has made use of the adjustment element of section G.11 of the DCGK implemented in the remuneration system and has set the target achievement corridor for EBIT and cash flow in accordance with the remuneration system. The reason for this is that the target corridors of the existing remuneration system lead to very narrow absolute corridors due to the low planning level with a negative EBIT. The availability of a vaccine or even further travel restrictions, all of which would have the potential for both maximum and minimum values to be reached very quickly, were identified as uncertainties here. Applying the adjustment element, the Supervisory Board decided to set the EBIT target value equal to the budget value in accordance with the usual procedure. A 50 % target achievement is reached at an EBIT of € – 831 million, a 180 % target achievement as a maximum at € 169 million. For the cash flow, these values are € – 312 million and € 688 million, whereby the target value also corresponds to the budget value.

With regard to the individual performance factor, the Supervisory Board decided before the start of financial year 2021 to defer the individual targets in favour of the overall Executive Board targets against the backdrop of the company-wide transformation process. Thus, the further implementation of the transformation by reducing the complexity in the system landscape but also operationally and the expansion of the digital platform across all source markets was an essential part of the target setting. In addition, the members of the Executive Board have been given ambitious sustainability targets. These include starting to develop a roadmap to become net carbon free by 2050, amplifying the positive impact of tourism in destinations and raising awareness of sustainable tourism.

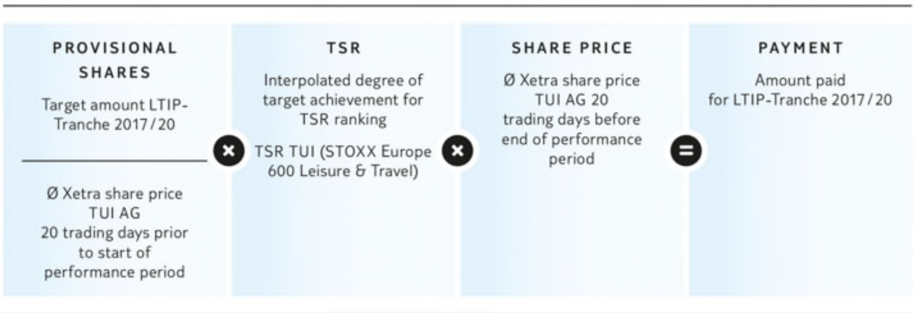
The effects of the COVID-19 pandemic, which have led to considerable restrictions on business operations and a significant liquidity bottleneck, have meant that none of the performance targets could be achieved in financial year 2021, despite increasing bookings and massive cost-saving measures. As a result, there will be no remuneration paid and owed in financial year 2022 within the meaning of Section 162 (1) sentence 1, sentence 2 no. 1 AktG from the STI of financial year 2021. Furthermore, due to the conditions of the Framework Agreement II, bonuses and other variable or comparable remuneration components, among others, may not be granted and thus may not be constituted.

The Supervisory Board therefore decided not to set the individual performance factor. However, the Supervisory Board agreed in its discussions that the entire Executive Board did an excellent job in financial year 2021, even under extremely difficult boundary conditions. Through very stringent cash management and massive cost reductions to the point of tapping extensive sources of financing, the effects of the crisis that threatened the existence of the company were brought under control. Work was done early on to stabilise the balance sheet again. The Supervisory Board expressly acknowledges this extraordinary performance, which was achieved with tireless dedication.

III.1.2 LTIP

III.1.2.1 REMUNERATION PAID AND OWED IN FINANCIAL YEAR 2021 UNDER THE LTIP

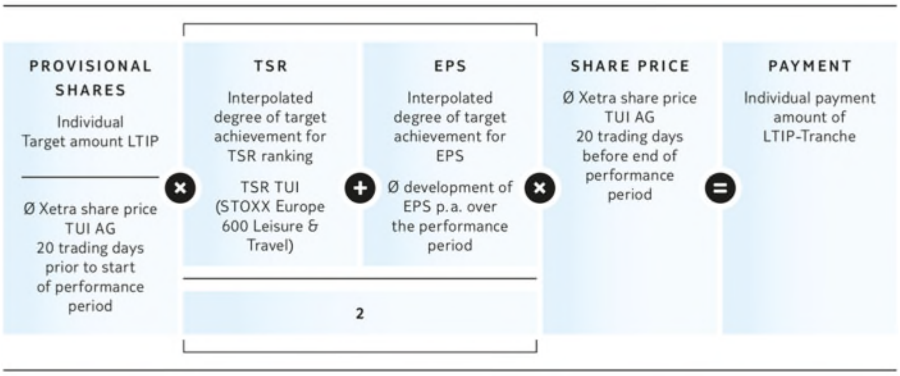
The payment of the 2017 / 2020 LTIP tranche is governed by the provisions of the remuneration system that was replaced on 1 October 2017.



An average stock exchange price of the TUI share of € 12.36 is to be used as a basis. At the end of the performance period on 30 September 2020, the average stock exchange price of the TUI share was € 3.44. Based on the target achievement level of TUI AG's TSR rank compared with the TSR values of the companies in the STOXX Europe 600 Travel & Leisure over the performance period, the LTIP results in a target achievement of 25 %. However, due to the voluntarily declared waiver, no payment was made for the LTIP tranche 2017 / 2020 for the active members of the Executive Board in financial year 2021. As a result, no remuneration paid and owed within the meaning of section 162(1) sentence 1, sentence 2 no. 1 AktG exists for the LTIP tranche 2017 / 2020 in financial year 2021.

III.1.2.2 OUTLOOK FOR THE REMUNERATION PAID AND OWED IN FINANCIAL YEAR 2022 FROM THE LTIP

The payment of the LTIP tranche 2018 / 2021 is governed by the provisions of the remuneration system, which came into force retroactively as of 1 October 2017.



The LTIP tranche was based on an average TUI AG share price of € 14.60 at the time of allocation. At the end of the performance period, TUI AG's average share price was € 3.62. The average share price of TUI AG at the end of the performance period was € 3.62. The average share price of TUI AG was € 3.62. Due to the degree of target achievement of TUI AG's TSR rank compared with the TSR values of the companies in the STOXX Europe 600 Travel & Leisure over the performance period, the target achievement for LTIP was 0 %. EPS also failed to reach a level of target achievement that would generally lead to a pay-out. Although the EPS for both financial year 2020 and 2021 were below the € 0.50 mark at which the Supervisory Board is to set new absolute target values for the EPS as well as minimum and maximum values for determining the percentage target achievement in accordance with the relevant remuneration system. As a result, however, the remuneration restrictions of the Framework Agreement II would not allow a pay-out. The Supervisory Board has therefore decided not to set any new absolute target values for EPS and minimum and maximum values for determining the percentage target achievement for the 2018 / 2021 LTIP tranche. For the LTIP tranche 2018 / 2021, there is no remuneration paid and owed in December 2021 within the meaning of section 162 para. 1 sentence 1, sentence 2 no. 1 AktG.

III.2 LOANS OR ADVANCES

As in the previous year, no loans or advances were granted to the members of the Executive Board in financial year 2021.

III.3 APPLICATIONS

III.3.1 'REMUNERATION PAID AND OWED' WITHIN THE MEANING OF SECTION 162 PARA. 1 SENTENCE 1 AKTG IN FINANCIAL YEAR 2021

Pursuant to section 162 para. 1 sentence 1, sentence 2 no. 1 AktG, all fixed and variable remuneration components 'paid and owed' to the individual members of the Executive Board in financial year 2021 must also be disclosed. The values stated for both the STI and the LTIP for financial year 2021 refer to the remuneration components 'paid and owed' in the respective financial year pursuant to section 162 (1) sentence 1 AktG. They thus include all benefits actually received in the respective financial year, regardless of the financial year for which they were received by the members of the Executive Board. The value of the STI therefore corresponds to the amount for the STI from financial year 2020, which would not have been paid out until financial year 2021 in accordance with the service agreements. The value of the 2017 / 2020 LTIP tranche therefore corresponds in value to the amount for the LTIP whose four-year term ended on 30 September 2020, but which would not have been paid out until financial year 2021 in accordance with the service agreements.

Remuneration 'paid and owed remuneration' pursuant to section 162 (1) sentence 1 AktG

	Friedrich Joussen CEO, since 14 February 2013[1]				**David Burling** Member of the Executive Board, since 1 June 2015				**Birgit Conix** Member of the Executive Board, since 15 July 2018[5]			
	€ '000 2020[2]	in %[4]	**€ '000 2021**	**in %[4]**	€ '000 2020[2, 3]	in %[4]	**€ '000 2021**	**in %[4]**	€ '000 2020[2]	in %[4]	**€ '000 2021**	**in %[4]**
Fixed remuneration	1,045.0	61.1	1,100.0	63.0	611.9	70.9	680.0	73.4	646.0	72.2	418.6	69.0
Fringe benefits[6]	36.3	2.1	52.1	3.0	26.1	3.0	21.1	2.3	18.2	2.0	4.5	0.7
Total	**1,081.3**	**63.2**	**1,152.1**	**63.1**	**638.0**	**73.9**	**701.1**	**75.7**	**664.2**	**74.3**	**423.1**	**69.8**
STI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LTIP												
LTIP Tranche (2016 – 2019)	0.0	0.0			0.0	0.0			0.0	0.0		
LTIP Tranche (2017 – 2020)			0.0	0.0			0.0	0.0			0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claw Back according to § 162 para. 1 sen. 2 no. 4 AktG[7]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1,081.3**	**63.2**	**1,152.1**	**66.0**	**638.0**	**73.9**	**701.1**	**75.7**	**664.2**	**74.3**	**423.1**	**69.8**
Pension / service costs[8]	628.3	36.8	592.7	34.0	225.0	26.1	225.0	24.3	230.0	25.7	183.4	30.2
Total remuneration	**1,709.6**	**100.0**	**1,744.8**	**100.0**	**863.0**	**100.0**	**926.1**	**100.0**	**894.2**	**100.0**	**606.5**	**100.0**

1 Member of the Executive Board since 15 October 2012; Co-Chairman of the Executive Board from 9 December 2014 to 9 February 2016.
2 Taking into account the voluntary waiver of 30 % of fixed remuneration for the months April and May 2020.
3 Taking into account an additional voluntary waiver of 30 % of the fixed remuneration for the months June to September 2020 due to national measures in the UK.
4 The relative shares stated here refer to the remuneration components 'paid and owed' in the respective financial year in accordance with section 162 para. 1 sentence 1 AktG. They thus all benefits actually received in the respective financial year, irrespective of the financial year for which they were paid to the Executive Board members. The relative are therefore not comparable with the relative shares in the description of the remuneration system pursuant to section 87a para. 1 no. 3 AktG, which will be submitted to the Annual General Meeting together with this remuneration report. The shares stated in the remuneration system refer to the respective target values.
5 Pro rata temporis until 14 July 2021.
6 Without insurance from group contracts.
7 The service agreements of the members of the Executive Board include – in accordance with the remuneration system adopted by the Supervisory Board in December 2019 – a malus and clawback provision. In financial year 2021 TUI AG has not made use of this provision.
8 For Mr Joussen, Mr Ebel, Dr Eller and Mr Rosenbeger service costs acc. to IAS 19 and therefor not 'awarded and owed' remuneration' within the meaning of section 162 (1) sentence 1 AktG.
9 Pro rata temporis from 1 January 2021.
10 Pro rata temporis from 1 July 2021.

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Remuneration 'paid and owed remuneration' pursuant to section 162 (1) sentence 1 AktG

	Sebastian Ebel Member of the Executive Board, since 12 December 2014				**Dr Elke Eller** Member of the Executive Board / Labour Director, since 15 October 2015				**Peter Krueger**[9] Member of the Executive Board since 1 January 2021			
	€ '000 2020[2]	in %[4]	**€ '000 2021**	**in %[4]**	€ '000 2020[2]	in %[2]	**€ '000 2021**	**in %[4]**	€ '000 2020	in %[2]	**€ '000 2021**	**in %[4]**
Fixed remuneration	646.0	68.0	680.0	70.2	646.0	62.3	680.0	65.2			450.0	70.8
Fringe benefits[6]	18.0	1.9	18.0	1.9	34.4	3.3	18.0	1.7			13.5	2.1
Total	**664.0**	**69.9**	**698.0**	**72.0**	**680.4**	**65.6**	**698.0**	**67.0**			**463.5**	**72.9**
STI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0
LTIP												
LTIP Tranche (2016 – 2019)	0.0	0.0			0.0	0.0						
LTIP Tranche (2017 – 2020)			0.0	0.0			0.0	0.0				
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0
Claw Back according to § 162 para. 1 sen. 2 no. 4 AktG[7]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0
Total	**664.0**	**69.9**	**698.0**	**72.0**	**680.4**	**65.6**	**698.0**	**67.0**			**463.5**	**72.9**
Pension / service costs[8]	285.9	30.1	271.1	28.0	356.7	34.4	344.2	33.0			172.5	27.1
Total remuneration	**949.9**	**100.0**	**969.1**	**100.0**	**1,037.1**	**100.0**	**1,042.2**	**100.0**			**636.0**	**100.0**

1 Member of the Executive Board since 15 October 2012; Co-Chairman of the Executive Board from 9 December 2014 to 9 February 2016.
2 Taking into account the voluntary waiver of 30 % of fixed remuneration for the months April and May 2020.
3 Taking into account an additional voluntary waiver of 30 % of the fixed remuneration for the months June to September 2020 due to national measures in the UK.
4 The relative shares stated here refer to the remuneration components 'paid and owed' in the respective financial year in accordance with section 162 para. 1 sentence 1 AktG. They thus all benefits actually received in the respective financial year, irrespective of the financial year for which they were paid to the Executive Board members. The relative are therefore not comparable with the relative shares in the description of the remuneration system pursuant to section 87a para. 1 no. 3 AktG, which will be submitted to the Annual General Meeting together with this remuneration report. The shares stated in the remuneration system refer to the respective target values.
5 Pro rata temporis until 14 July 2021.
6 Without insurance from group contracts.
7 The service agreements of the members of the Executive Board include – in accordance with the remuneration system adopted by the Supervisory Board in December 2019 – a malus and clawback provision. In financial year 2021 TUI AG has not made use of this provision.
8 For Mr Joussen, Mr Ebel, Dr Eller and Mr Rosenbeger service costs acc. to IAS 19 and therefor not 'awarded and owed' remuneration' within the meaning of section 162 (1) sentence 1 AktG.
9 Pro rata temporis from 1 January 2021.
10 Pro rata temporis from 1 July 2021.

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Remuneration 'paid and owed remuneration' pursuant to section 162 (1) sentence 1 AktG

	Sybille Reiss [10] Member of the Executive Board / Labour Director, seit 1. Juli 2021				**Frank Rosenberger** Member of the Executive Board, since 1 January 2017			
	€ '000 2020	in % [4]	**€ '000 2021**	**in % [4]**	€ '000 2020 [2]	in % [4]	**€ '000 2021**	**in % [4]**
Fixed remuneration			150.0	70.8	570.0	57.2	600.0	59.2
Fringe benefits [6]			4.5	2.1	18.0	1.8	30.5	3.0
Total			**154.5**	**15.9**	**588.0**	**59.0**	**630.5**	**62.3**
STI			0.0	0.0	0.0	0.0	0.0	0.0
LTIP								
LTIP Tranche (2016 – 2019)					0.0	0.0		
LTIP Tranche (2017 – 2020)							0.0	0.0
Others			0.0	0.0	0.0	0.0	0.0	0.0
Claw Back according to § 162 para. 1 sen. 2 no. 4 AktG [7]			0.0	0.0	0.0	0.0	0.0	0.0
Total			**154.5**	**15.9**	**588.0**	**59.0**	**630.5**	**62.3**
Pension / service costs [8]			57.5	27.1	408.8	41.0	382.2	37.7
Total remuneration			**212.0**	**100**	**996.8**	**100.0**	**1,012.7**	**100**

1 Member of the Executive Board since 15 October 2012; Co-Chairman of the Executive Board from 9 December 2014 to 9 February 2016.
2 Taking into account the voluntary waiver of 30 % of fixed remuneration for the months April and May 2020.
3 Taking into account an additional voluntary waiver of 30 % of the fixed remuneration for the months June to September 2020 due to national measures in the UK.
4 The relative shares stated here refer to the remuneration components 'paid and owed' in the respective financial year in accordance with section 162 para. 1 sentence 1 AktG. They thus all benefits actually received in the respective financial year, irrespective of the financial year for which they were paid to the Executive Board members. The relative are therefore not comparable with the relative shares in the description of the remuneration system pursuant to section 87a para. 1 no. 3 AktG, which will be submitted to the Annual General Meeting together with this remuneration report. The shares stated in the remuneration system refer to the respective target values.
5 Pro rata temporis until 14 July 2021.
6 Without insurance from group contracts.
7 The service agreements of the members of the Executive Board include – in accordance with the remuneration system adopted by the Supervisory Board in December 2019 – a malus and clawback provision. In financial year 2021 TUI AG has not made use of this provision.
8 For Mr Joussen, Mr Ebel, Dr Eller and Mr Rosenbeger service costs acc. to IAS 19 and therefor not 'awarded and owed' remuneration' within the meaning of section 162 (1) sentence 1 AktG.
9 Pro rata temporis from 1 January 2021.
10 Pro rata temporis from 1 July 2021.

III.3.2 COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD WITH THE DEVELOPMENT OF EARNINGS AND THE AVERAGE REMUNERATION OF EMPLOYEES OF TUI AG

The following table shows a comparison of the percentage change in the remuneration of the Executive Board members with the development of TUI AG's earnings and with the average remuneration of employees on a full-time equivalent basis compared with the previous financial year.* The remuneration of the Executive Board members included in the table reflects the amounts actually received in the respective financial year. For active members of the Executive Board, these values for financial year 2021 correspond to the values stated in the table 'Remuneration paid and owed pursuant to section 162 para. 1 sentence 1 AktG' (page 134 ff.).

As a matter of principle, the development of earnings is presented on the basis of the development of TUI AG's net profit for the year in accordance with section 275 sub-section 2 no 17 of the German Commercial Code (HGB). Since the remuneration of the Executive Board members also depends to a significant extent on the development of Group key figures, the TUI Group's earnings trend also includes the development of the TUI Group's underlying EBIT shown in the consolidated financial statements for financial years 2020 and 2021 and the TUI Group's underlying EBITA shown in the consolidated financial statements for financial years 2016 to 2019.

The comparison with the development of average employee remuneration is based on the average remuneration of TUI AG's workforce. Since the employee and remuneration structures in the subsidiaries are diverse, in particular in the case of employees abroad, it is appropriate to base the comparison of the development of average remuneration only on TUI AG's workforce. This comparative group was also used to review the appropriateness of the remuneration of the Executive Board members. The remuneration of all employees, including executive employees within the meaning of section 5 sub-section 3 German Works Council Constitution Act (Betriebsverfassungsgesetz – BetrVG), was taken into account. Where employees also received remuneration as members of TUI AG's Supervisory Board, this remuneration was not taken into account. In order to ensure comparability, the remuneration of part-time employees was extrapolated to full-time equivalents.

* Pursuant to section 26j, paragraph 2, sentence 2 of the Introductory Act to the Stock Corporation Act (EGAktG), a comparison of the average remuneration of employees on a full-time equivalent basis over the last five financial years pursuant to section 162, paragraph 1, sentence 2, no. 2 of the German Stock Corporation Act (AktG) is not yet to be included in the remuneration report.

Comparison of annual change to Executive Board remuneration according to section 162 para. 1 no. 2 AktG

Annual change (in %)	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017	2017 vs. 2016
Executive Board remuneration [1]					
Friedrich Joussen	5 %	– 1 %	– 74 %	31 %	5 %
David Burling	7 %	– 8 %	– 55 %	14 %	7 %
Birgit Conix	– 32 %	– 4 %	144 %		
Sebastian Ebel	4 %	– 2 %	– 58 %	30 %	3 %
Dr Elke Eller	– 1 %	0 %	– 48 %	9 %	6 %
Peter Krueger					
Sybille Reiss					
Frank Rosenberger	5 %	– 1 %	– 45 %	36 %	
Horst Baier (CFO until 30 September 2018) [2]	5 %	10 %	– 73 %	8 %	– 13 %
Dr Michael Frenzel (CEO until 31 March 2014) [3]	1 %	1 %	2 %	2 %	0 %
Earnings performance					
TUI AG [4]	30 %	– 1,994 %	– 88 %	33 %	430 %
TUI Group [5]	69 %	– 435 %	– 22 %	4 %	1 %
Average employee remuneration on FTE basis					
Company employees	6 %	– 2 %			

1 Remuneration paid and owed within the meaning of section 162 para. 1 sentence 1 AktG (fixed remuneration, STI, LTIP, fringe benefits and fixed annual pension payment for Mr Burling, Ms Conix, Mr Krueger and Ms Reiss.

2 Mr Baier received a payout from his pension plan in financial years 2019 to 2021. In financial year 2021, he received a payout from the remuneration paid and owed from the 2017 / 2020 LTIP tranche.

3 Mr Frenzel received payouts from his pension plan in financial years 2016 to 2021.

4 Annual result within the meaning of section 275 para 2 no. 17 HGB.

5 Adjusted EBIT of the TUI Group for financial years 2021 and 2020. For financial years 2016 to 2019, adjusted EBITA of the TUI Group.

REVIEW OF THE APPROPRIATENESS OF EXECUTIVE BOARD REMUNERATION AND PENSIONS

The Supervisory Board conducted the annual review of the Executive Board remuneration and pensions for financial year 2021. It came to the conclusion that the amount of the Executive Board remuneration and the pensions are appropriate from a legal point of view within the meaning of section 87 para 1 of the German Stock Corporation Act (AktG).

For the assessment of the appropriateness of the Executive Board remuneration and the pension, the Supervisory Board also regularly takes external advice. This involves assessing the relationship between the amount and structure of Executive Board remuneration and the remuneration of senior management and the workforce as a whole from an external perspective (vertical comparison). In addition to a status quo analysis, the vertical comparison also takes into account the development of remuneration ratios over time. Secondly, the remuneration level and structure are assessed on the basis of TUI AG's positioning in a comparative market (horizontal comparison). The comparative market consists of a combination of DAX and MDAX companies falling within the scope of the German Stock Corporation Act (AktG), belonging to related sectors or having comparable core characteristics and with which there is a similarity in terms of company size. In addition to the fixed remuneration, the horizontal comparison also includes the short- and long-term remuneration components as well as the amount of the company pension plan.

Companies for the assessment of the appropriateness of Executive Board remuneration

Company	Stock market segment	Company	Stock market segment
Adidas AG	DAX	Hugo Boss AG	MDAX
alstria office REIT-AG	MDAX	Infineon Technologies AG	DAX
Aurubis AG	MDAX	innogy SE	MDAX
BASF SE	DAX	K+S AG	MDAX
Bayer AG	DAX	KION GROUP AG	MDAX
Bechtle AG	MDAX	LANXESS AG	MDAX
Beiersdorf AG	DAX	LEG Immobilien AG	MDAX
Brenntag AG	DAX	Merck KGaA	DAX
Carl Zeiss Meditec AG	MDAX	METRO AG	MDAX
Continental AG	DAX	MorphoSys AG	MDAX
Covestro AG	DAX	MTU Aero Engines AG	MDAX
Daimler AG	DAX	Nemetschek SE	MDAX
Delivery Hero AG	DAX	NORMA Group SE	MDAX
Deutsche Euroshop AG	MDAX	OSRAM Licht AG	MDAX
Deutsche Lufthansa AG	DAX	ProSiebenSat.1 Media SE	MDAX
Deutsche Post AG	DAX	Rheinmetall AG	MDAX
Deutsche Telekom AG	MDAX	RWE AG	DAX
Deutsche Wohnen AG	MDAX	SAP SE	DAX
Drillisch AG	MDAX	Sartorius AG	MDAX
Dürr AG	MDAX	Scout24 AG	MDAX
E.ON SE	DAX	Siemens AG	DAX
Evonik Industries AG	MDAX	Siltronic AG	MDAX
Evotec AG	MDAX	Software AG	MDAX
Fielmann AG	MDAX	Symrise AG	MDAX
Fraport AG	MDAX	TAG Immobilien AG	MDAX
freenet AG	MDAX	Telefónica Deutschland Holding AG	MDAX
Fresenius Medical Care AG & Co KGaA	DAX	ThyssenKrupp AG	DAX
Fresenius SE & Co KGaA	DAX	Uniper SE	MDAX
Fuchs Petrolub SE	MDAX	United Internet AG	MDAX
GEA Group AG	MDAX	Volkswagen AG	DAX
Gerresheimer AG	MDAX	Vonovia SE	DAX
HeidelbergCement AG	DAX	Wacker Chemie AG	MDAX
Henkel AG & Co KGaA	DAX	Zalando SE	MDAX
HOCHTIEF AG	MDAX		

Against the backdrop of the remuneration restrictions and the resulting elimination of the payment of variable remuneration components, the Supervisory Board did not commission a corresponding expert opinion on the appropriateness of the remuneration level for members of the Executive Board for financial year 2021. As in financial years 2019 and 2020, the remuneration was significantly below that of financial year 2018, the appropriateness of which was again assessed and confirmed. The amount of the remuneration paid and owed, which for financial year 2021 consists only of fringe benefits and pension contributions in addition to the fixed remuneration, was largely known to the Annual General Meeting, which approved the remuneration system in financial year 2021.

III.3.3 BENEFITS TO FORMER MEMBERS OF THE EXECUTIVE BOARD

For former members of the Executive Board and their surviving dependents, total pension payments in financial year 2021 amounted to € 6,074.2 k (previous year € 6,055.3 k). Of this amount, € 884.9 thousand was attributable to Michael Frenzel, who left the Executive Board on 31 March 2014, and € 955.8 thousand to Horst Baier, who left the Executive Board on 30 September 2018, in financial year 2021. The remaining payments related to former members of the Executive Board who left TUI AG's Executive Board more than ten years ago.

At the balance sheet date, pension provisions for former members of the Executive Board and their surviving dependants totalled € 71,766.5 k (previous year: € 73,483.7 k) measured in accordance with IAS 19 – excluding Mr Ebel's entitlements of € 5,762.4 k (previous year: € 5,721.7 k) earned in the framework of his service for the TUI Group before 31 August 2006.

Mr Baier, who resigned from the Executive Board of TUI AG as at 30 September 2018, has an entitlement to payment from the 2017 / 2020 LTIP tranche of € 47.0 k, which expired on 30 September 2020. This entitlement was paid out in December 2020 in accordance with the service agreement and is therefore to be regarded as paid and owed in financial year 2021 within the meaning of section 162 para. 1 sentence 1, sentence 2 no. 1 AktG. The allocation of the LTIP tranche 2017 / 2020 was based on an average stock market price of the TUI AG share of € 12.36. The performance period ended on 31 December 2020. At the end of the performance period, the average stock market price of the TUI AG share was € 3.44. Due to the degree of target achievement of TUI AG's TSR rank compared with the TSR values of the companies in the STOXX Europe 600 Travel & Leisure over the performance period, the LTIP achieved a target of 25 %. As Mr Baier was no longer an active member of the Executive Board at the time the Framework Agreement II was concluded, the remuneration restrictions do not apply to him.

Based on the above information, the relative share of Mr Baier's pension payment is approximately 95.3 % of the remuneration paid and owed to him in financial year 2021 within the meaning of section 162 para. 1 sentence 1, sentence 2 no. 1 of the AktG. The relative share of the payment amount from the 2017 / 2020 LTIP tranche is accordingly approx. 4.7 % of the remuneration paid and owed to him in financial year 2021 within the meaning of section 162 para. 1 sentence 1, sentence 2 no. 1 of the AktG.

Mr Baier also has a claim to payment from the LTIP tranche 2018 / 2021, which expired on 30 September 2021. This claim of € 51.1 k will be paid out in December 2021 in accordance with the service agreement and is therefore not to be regarded as paid and owed within the meaning of section 162 para. 1 sentence 1, sentence 2 no. 1 AktG until financial year 2022. The allocation of the LTIP tranche 2018 / 2021 was based on an average stock exchange price of the TUI AG share of € 14.60. At the end of the performance period, the average stock market price of the TUI AG share was € 3.62. Due to the degree of target achievement of TUI AG's TSR rank compared with the TSR values of the companies in the STOXX Europe 600 Travel & Leisure over the performance period, the LTIP achieved a target of 25 %. As Mr Baier was no longer an active member of the Executive Board at the time the Framework Agreement II was concluded, the remuneration restrictions do not apply to him.

Supervisory Board and Supervisory Board Remuneration

CONFIRMATION OF THE REMUNERATION SYSTEM BY THE SHAREHOLDERS

According to the German Stock Corporation Act (AktG) in the version of the SRD II, the Annual General Meeting of a listed company must resolve on the remuneration of the members of the Supervisory Board at least every four years. A resolution confirming the existing remuneration is also permissible. The resolution must comply with new formal requirements. Such a resolution was passed by the Annual General Meeting on 25 March 2021. The remuneration system for the members of the Supervisory Board was approved by 99.7 % and thus adopted.

COMPOSITION OF THE SUPERVISORY BOARD

In accordance with the Articles of Association, the Supervisory Board of TUI AG comprises a total of 20 members. At the Annual General Meeting on 25 March 2021, four shareholder representatives had to be newly elected or re-elected. The elections and re-elections of employee representatives were held in the run-up to the Annual General Meeting.

Composition of the Supervisory Board

Dr Dieter Zetsche	Member since 13 February 2018 Chairman
Frank Jakobi *	Member since 15 August 2007 Vice-Chairman
Peter Long	Member from 9 February 2016 to 25 March 2021 Vice-Chairman
Ingrid-Helen Arnold	Member since 11 February 2020
Andreas Barczweski *	Member since 10 May 2006
Peter Bremme *	Member since 2 July 2014
Dr Jutta Dönges	Member since 25 March 2021
Prof Dr Edgar Ernst	Member since 9 February 2011
Wolfgang Flintermann *	Member since 13 June 2016
María Garaña Corces	Member since 11 February 2020
Angelika Gifford	Member from 26 March 2012 to 28 October 2014 and from 9 February 2016 until 25 March 2021
Stefan Heinemann *	Member since 21 July 2020
Dr Dierk Hirschel *	Member from 16 January 2015 to 25 March 2021
Janina Kugel	Member since 25 March 2021
Mark Muratovic *	Member since 25 March 2021
Vladimir Lukin	Member from 12 February 2014 to 28 October 2014 and since 5 June 2019
Coline McConville	Member since 12 December 2014
Alexey Mordashov	Member since 9 February 2016
Michael Pönipp *	Member from 17 April 2013 to 28 February 2021
Carola Schwirn *	Member since 1 August 2014
Anette Strempel *	Member since 2 January 2009
Joan Trían Riu	Member since 12 February 2019
Tanja Viehl *	Member since 25 March 2021
Stefan Weinhofer *	Member since 9 February 2016

* Workers' representatives

I REMUNERATION OF THE SUPERVISORY BOARD IN FINANCIAL YEAR 2021

The rules and remuneration of the members of the Supervisory Board are set out in section 18 of TUI AG's Articles of Association, which are permanently accessible to the public on the internet. Supervisory Board remuneration is reviewed at appropriate intervals. This takes account of the time expected to be spent on the exercise of the office and the practice in companies of comparable size, industry and complexity.

(1) Fixed remuneration Supervisory Board	TARGET	The aim is to attract and retain highly qualified members of the Supervisory Board. This will promote the efficiency of the Supervisory Board's work and the long-term development of TUI AG. • Chairman: € 270.0 k • Vice-Chairman: € 180.0 k • Member: € 90.0 k • In each case plus the value-added tax on the emoluments In accordance with the provisions of TUI AG's Articles of Association, retired members of the Supervisory Board shall receive (pro rata temporis) fixed remuneration from TUI AG for the last time immediately after the end of the financial year in which they resigned for the duration of their membership of TUI AG's Supervisory Board. After the final payment of the (pro rata temporis) fixed remuneration, retired members of the Supervisory Board shall no longer receive any remuneration from TUI AG for their former Supervisory Board activities.
(2) Fixed remuneration Committees	PRESIDIUM	• Chairman: € 42.0 k • Member: € 42.0 k
	AUDIT COMMITTEE	• Chairman: € 126.0 k • Member: € 42.0 k
	STRATEGY COMMITTEE	• Chairman: € 84.0 k • Member: € 42.0 k
	NOMINATING COMMITTEE	• None
	TRANSACTION COMMITTEES	• None
(3) Attendance fees		• Supervisory Board: € 1.0 k per meeting • Presidium: € 1.0 k per meeting • Audit Committee: € 1.0 k per meeting • Strategy Committee: € 1.0 k per meeting • Nomination Committee: € 1.0 k per meeting • Transaction Committees: none
(4) Maximum remuneration		Since the remuneration of the members of the Supervisory Board does not consist of variable but exclusively of fixed components, there is no need to determine a maximum total remuneration for the members of the Supervisory Board. The provisions of the German Stock Corporation Act (AktG) in the version of the SRD II expressly provide for the determination of a maximum remuneration only for the members of the Executive Board, but not for the members of the Supervisory Board.

(5) **D&O**	TARGET	In addition, the members of the Supervisory Board are included in a pecuniary damage liability insurance policy (so-called D&O insurance) maintained by the company in the interest of the company at an appropriate amount. The premiums for this are paid by the company. There is no deductible.

I.1 TOTAL REMUNERATION OF THE SUPERVISORY BOARD

I.1.1 'REMUNERATION PAID AND OWED' WITHIN THE MEANING OF SECTION 162 PARA. 1 SENTENCE 1 AKTG IN THE FINANCIAL YEAR 2021

Pursuant to section 162 para. 1 sentence 1, sentence 2 no. 1 of the German Stock Corporation Act (AktG), all fixed and variable remuneration components 'paid and owed' to the individual members of the Supervisory Board in financial year 2021 must also be disclosed. The values stated refer to the remuneration components 'paid and owed' in the respective financial year pursuant to section 162 (1) sentence 1 AktG. They thus include all benefits actually received in the respective financial year, regardless of the financial year for which they were received by the members of the Supervisory Board. In terms of value, the amounts for financial year 2020 are taken into account, which will not be paid out until financial year 2021 in accordance with the Articles of Association.

Total remuneration paid and owed to the Supervisory Board

€ '000	Outlook: 2022	**2021**	2020
Fixed remuneration	2,115.2	1,853.4	2,158.1
Longterm variable remuneration	n. a.	n. a.	252.9
Remuneration for committee memberships	1,029.2	1,064.0	1,084.4
Attendance fees	429.0	418.0	354.0
Remuneration for TUI AG Supervisory Board mandate	3,573.4	3,335.4	3,849.4
Remuneration for Supervisory Board mandates in the Group	38.7	37.3	40.6
Total	**3,612.1**	**3,372.7**	**3,890.0**

In addition, travel costs and expenses amounting to € 0 k (previous year € 187.6 k) were reimbursed. The remuneration of the Supervisory Board in financial year 2021, together with the reimbursement of travel costs and expenses, amounted to € 3,372.7 k (previous year € 4,077.6 k).

I.2.1 ‘REMUNERATION PAID AND OWED’ WITHIN THE MEANING OF SECTION 162 PARA. 1 SENTENCE 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN THE FINANCIAL YEAR 2021. 1 SENTENCE 1 AKTG IN THE FINANCIAL YEAR 2021

G Pursuant to section 162 para. 1 sentence 1, sentence 2 no. 1 of the German Stock Corporation Act (AktG), all fixed and variable remuneration components ‘paid and owed’ to the individual members of the Supervisory Board in financial year 2021 must also be disclosed. The values stated refer to the remuneration components ‘paid and owed’ in the respective financial year pursuant to section 162 (1) sentence 1 AktG. They thus include all benefits actually received in the respective financial year, regardless of the financial year for which they were received by the members of the Supervisory Board. In terms of value, the amounts for financial year 2020 are taken into account, which, in accordance with the Articles of Association, will only be paid out in financial year 2021.

Paid and owed remuneration of the Supervisory Board (individual) in financial year 2021

	Fixed remuneration [1] € ’000	in %	Remuneration for committee € ’000	in %	Attendance fee € ’000	in %	Remuneration for Supervisory Board mandates in the Group € ’000	in %	**Total**
Dr Dieter Zetsche (Chairman) [2]	229.5	58.9	126.0	32.3	34.0	8.7			389.5
Frank Jakobi (Deputy Chairman) [3]	166.5	57.6	93.8	32.4	29.0	10.0			289.3
Peter Long (Deputy Chairman) [2]	153.0	50.0	126.0	41.2	27.0	8.8			306.0
Ingrid-Helen Arnold [4]	44.0	81.5			10.0	18.5			54.0
Andreas Barczewski	76.5	47.4	42.0	26.0	21.0	13.0	21.8	13.5	161.3
Peter Bremme	76.5	54.8	42.0	30.1	21.0	15.1			139.5
Prof. Dr Edgar Ernst	76.5	28.4	168.0	62.3	25.0	9.3			269.5
Wolfgang Flintermann	76.5	84.5			14.0	15.5			90.5
María Garaña Corces [4]	44.0	83.0			9.0	17.0			53.0
Angelika Gifford	76.5	41.0	84.0	45.0	26.0	13.9			186.5
Valerie Gooding [5]	32.8	59.5	15.3	27.8	7.0	12.7			55.1
Stefan Heinemann [6]	12.3	86.0			2.0	14.0			14.3
Dr Dierk Hirschel	76.5	54.8	42.0	30.1	21.0	15.1			139.5
Janis Kong [5]	32.8	59.5	15.3	27.8	7.0	12.7			55.1
Vladimir Lukin [7]	76.5	63.1	26.8	22.1	18.0	14.8			121.3
Coline McConville	76.5	55.2	42.0	30.3	20.0	14.4			138.5
Alexey Mordashov	76.5	42.6	84.0	46.8	19.0	10.6			179.5
Michael Pönipp [3]	76.5	45.6	51.8	30.9	24.0	14.3	15.5	9.2	167.8
Carola Schwirn	76.5	84.5			14.0	15.5			90.5
Anette Strempel	76.5	54.4	42.0	29.9	22.0	15.7			140.5
Ortwin Strubelt [8]	67.5	44.9	63.0	41.9	20.0	13.3			150.5
Joan Trían Riu	76.5	84.5			14.0	15.5			90.5
Stefan Weinhofer	76.5	84.5			14.0	15.5			90.5
Total	**1,853.4**		**1,064.0**		**418.0**		**37.3**		**3,372.7**

1 Taking into account a voluntary waiver of 30 % of the fixed remuneration for the months April to September 2020.
2 Taking into account an additional voluntary waiver of 30 % of the remuneration as Chairman / Deputy Chairman for the months April to September 2020.
3 Pro rata temporis view of committee remuneration from 7 July 2020.
4 Pro rata temporis view of all remuneration components as of 11 February 2020.
5 Pro rata temporis view of all remuneration components until 11 February 2020.
6 Pro rata temporis view of all remuneration components as of 21 July 2020.
7 Pro rata temporis view of committee remuneration as of 11 February 2020.
8 Pro rata temporis view of all remuneration components until 30 June 2020.

I.2.2 OUTLOOK ON 'REMUNERATION PAID AND OWED' WITHIN THE MEANING OF SECTION 162 (1) SENTENCE 1 AKTG. 1 SENTENCE 1 AKTG IN THE FINANCIAL YEAR 2022

In terms of value, the outlook takes into account the amounts for financial year 2021, which, in accordance with the Articles of Association, will not be paid out until financial year 2022.

Outlook: Paid and owed remuneration of the Supervisory Board (individual) in financial year 2022

	Fixed remuneration € '000	in %	Remuneration for committee € '000	in %	Attendance fee € '000	in %	Remuneration for Supervisory Board mandates in the Group € '000	in %	Total
Dr Dieter Zetsche (Chairman) [1]	270.0	59.4	147.6	32.5	37.0	8.1			454.6
Frank Jakobi (Deputy Chairman)	180.0	52.9	126.0	37.1	34.0	10.0			340.0
Peter Long (Deputy Chairman) [2]	87.8	52.9	61.3	36.9	17.0	10.2			166.1
Ingrid-Helen Arnold	90.0	87.4			13.0	12.6			103.0
Andreas Barczewski [3]	90.0	59.3	20.4	13.4	19.0	12.5	22.4	14.8	151.8
Peter Bremme	90.0	59.2	42.0	27.6	20.0	13.2			152.0
Dr Jutta Dönges [4]	46.5	46.5	43.4	43.4	10.0	10.0			99.9
Prof. Dr Edgar Ernst [1]	90.0	29.0	189.7	61.1	31.0	10.0			310.7
Wolfgang Flintermann	90.0	85.7			15.0	14.3			105.0
María Garaña Corces	90.0	86.5			14.0	13.5			104.0
Angelika Gifford [2]	43.8	44.4	40.8	41.4	14.0	14.2			98.6
Stefan Heinemann [1]	90.0	68.9	21.7	16.6	19.0	14.5			130.7
Dr Dierk Hirschel [2]	43.8	58.2	20.4	27.1	11.0	14.6			75.2
Janina Kugel [4]	46.5	86.9			7.0	13.1			53.5
Vladimir Lukin [1]	90.0	50.4	63.7	35.6	25.0	14.0			178.7
Coline McConville	90.0	58.8	42.0	27.5	21.0	13.7			153.0
Alexey Mordashov	90.0	46.6	84.0	43.5	19.0	9.8			193.0
Mark Muratovic [4]	46.5	55.2	21.7	25.7	12.0	14.2	4.1	4.9	84.3
Michael Pönipp [5]	43.8	39.5	40.8	36.8	14.0	12.6	12.3	11.1	110.9
Carola Schwirn	90.0	85.7			15.0	14.3			105.0
Anette Strempel	90.0	59.2	42.0	27.6	20.0	13.2			152.0
Joan Trían Riu	90.0	85.7			15.0	14.3			105.0
Tanja Viehl [4]	46.5	85.3			8.0	14.7			54.5
Stefan Weinhofer [1]	90.0	68.9	21.7	16.6	19.0	14.5			130.7
Total	**2,115.2**	**58.6**	**1,029.2**	**28.5**	**429.0**	**11.9**	**38.8**	**1.1**	**3,612.2**

1 Pro rata temporis view of individual committee remuneration as of 25 March 2021.
2 Pro rata temporis view of all remuneration components until 25 March 2021.
3 Pro rata temporis view of individual committee remuneration until 25 March 2021.
4 Pro rata temporis view of all remuneration components from 25 March 2021.
5 Pro rata temporis view of all remuneration components until 28 February 2021.

I.3 COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD WITH THE DEVELOPMENT OF EARNINGS AND THE AVERAGE REMUNERATION OF TUI AG EMPLOYEES

The following table shows a comparison of the percentage change in the remuneration of the members of the Supervisory Board with the development of TUI AG's earnings and with the average remuneration of employees on a full-time equivalent basis compared with the previous financial year*. The remuneration of the members of the Supervisory Board included in the table reflects the amounts actually received in the respective financial year. For financial year 2021, these values correspond to the values stated in the table 'Remuneration paid and owed within the meaning of section 162 para. 1 sentence 1 AktG' (page 134 ff.). Where members of the Supervisory Board had previously belonged to the Executive Board of TUI AG and received remuneration for this, this would not be included in the comparative presentation. However, this does not apply to any member of the Supervisory Board.

The development of earnings is generally presented based on the development of TUI AG's profit for the year in accordance with section 275 sub-section 2 no 17 of the German Commercial Code (HGB).

The comparison with the development of average employee remuneration is based on the average remuneration of TUI AG's workforce. Since the employee and remuneration structures in the subsidiaries are diverse, in particular in the case of employees abroad, it is appropriate to base the comparison of the development of average remuneration only on the workforce of TUI AG. The remuneration of all employees, including executive staff as defined in section 5 sub-section 3 of the German

Works Council Constitution Act (BetrVG), was taken into account. Employee remuneration did not include remuneration received by employees as members of TUI AG's Supervisory Board. In order to ensure comparability, the remuneration of part-time employees was extrapolated to full-time equivalents.

* Pursuant to section 26j, para. 2, sentence 2 of the Introductory Act to the Stock Corporation Act (EGAktG), a comparison of the average remuneration of employees on a full-time equivalent basis over the last five financial years pursuant to section 162, paragraph 1, sentence 2, no. 2 of the Stock Corporation Act (AktG) is not yet to be included in the remuneration report.

Comparison of annual change to Executive Board remuneration according to section 162 para 1 no. 2 AktG

Annual change (in %)	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017	2017 vs. 2016
Supervisory Board remuneration[1]					
Dr Dieter Zetsche	17 %	71 %	268 %		
Frank Jakobi	18 %	0 %	– 6 %	– 3 %	– 6 %
Peter Long	– 46 %	– 8 %	21 %	47 %	59 %
Ingrid-Helen Arnold	91 %				
Andreas Barczewski	– 6 %	– 13 %	5 %	– 5 %	– 22 %
Peter Bremme	9 %	– 14 %	1 %	2 %	– 12 %
Dr Jutta Dönges					
Prof. Dr Edgar Ernst	15 %	– 6 %	17 %	– 5 %	– 26 %
Wolfgang Flintermann	16 %	– 10 %	1 %	1 %	240 %
María Garaña Corces	96 %				
Angelika Gifford	– 47 %	12 %	14 %	0 %	61 %
Stefan Heinemann	914 %				
Dr Dierk Hirschel	– 46 %	– 15 %	3 %	9 %	– 7 %
Janina Kugel					
Vladimir Lukin	47 %	279 %			
Coline McConville	10 %	– 16 %	3 %	3 %	– 18 %
Alexey Mordashov	8 %	– 8 %	5 %	– 4 %	62 %
Mark Muratovic					
Michael Pönipp	– 34 %	– 8 %	2 %	– 2 %	– 20 %
Carola Schwirn	16 %	– 21 %	3 %	2 %	– 27 %
Anette Strempel	8 %	– 14 %	0 %	0 %	– 24 %
Joan Trían Riu	16 %	41 %			
Tanja Viehl					
Stefan Weinhofer	44 %	– 10 %	1 %	2 %	54 %
Earnings performance					
Annual result (TUI AG) [2]	30 %	– 1,994 %	– 88 %	33 %	430 %
Average employee remuneration on FTE basis					
Company employees	6 %	– 2 %			

1 Changes result in particular from the time of entry into the Supervisory Board, membership of the committees and the respective date of resignation

2 Annual result within the meaning of section 275 para. 2 no. 17 German Commercial Code (HGB)

Apart from the work performed by the employee representatives in the framework of their employment contracts, the members of the Supervisory Board did not provide any personal services, such as consultancy or agency services, for TUI AG or its subsidiaries in financial year 2021 and therefore did not receive any additional remuneration based on such services.

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT IN ACCORDANCE WITH SEC. 162 (3) GERMAN STOCK CORPORATION ACT (AKTG)

To TUI AG, Berlin and Hanover/Germany

Audit opinion

We have formally audited the remuneration report of TUI AG, Berlin and Hanover/Germany, for the financial year from 1 October 2020 until 30 September 2021 whether the disclosures pursuant to Sec. 162 (1) and (2) AktG were made in the remuneration report. In line with Sec. 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the remuneration report contains all the information required by Sec. 162 (1) and (2) AktG in all material respects. Our audit opinion does not cover the content of the remuneration report.

Basis for the Audit Opinion

We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW PS 870 (08.2021)). Our responsibility under that provision and standard is further described in the section “Responsibilities of the Auditor” of our report. Our audit firm applies Quality Assurance Standard: Requirements for Quality Assurance in Audit Practices (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW). We have fulfilled the professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Code of Conduct for German Public Auditors and Sworn Auditors (BS WP/vBP) including the requirements for independence.

Responsibilities of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, which complies with the requirements of Sec. 162 AktG. They are further responsible for such internal control as they determine is necessary to enable the preparation of the remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our objective is to obtain reasonable assurance about whether the information required by Sec. 162 (1) and (2) AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG. In accordance with Sec. 162 (3) AktG, we did not audit the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Hannover/Germany, 20 December 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Christoph B. Schenk
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Dr Hendrik Nardmann
Wirtschaftsprüfer
(German Public Auditor)

TRANSLATION
– German version prevails –

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

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