

TUI AG

Annual General Meeting

12 February 2019

Resolutions passed

1. **Presentation of the approved annual financial statements as of 30 September 2018, the approved consolidated financial statements, the summarised management and group management report with a report explaining the information in accordance with section 289a (1) and section 315a (1) of the German Commercial Code (*Handelsgesetzbuch; HGB*) and the report of the Supervisory Board**

No resolution is required to be passed.

2. **Resolution on the use of the net profit available for distribution**

It was resolved that an amount of € 423,288,938.88 from the reported net profit for the financial year that ended on 30 September 2018 of € 1,797,410,236.47 be applied towards the distribution of a dividend of € 0.72 per participating share and the remaining amount of € 1,374,121,297.59 be carried forward to new account. Pursuant to section 58 (4) sentence 2 AktG, the shareholders' claim to their dividend will fall due on the third business day after the resolution was passed by the Annual General Meeting. The dividend shall thus be paid on 15 February 2019.

3. **Resolution on the approval of the actions of the Executive Board**

It was resolved, in a separate resolution for each Executive Board member, that the actions of the members of the Executive Board, Friedrich Joussen (CEO), Birgit Conix, Horst Baier, David Burling, Sebastian Ebel, Dr Elke Eller and Frank Rosenberger in the financial year that ended on 30 September 2018 are approved.

4. **Resolution on the approval of the actions of the Supervisory Board**

It was resolved, in a separate resolution for each Supervisory Board member, that the actions of the members of the Supervisory Board, Prof. Dr Klaus Mangold (Chairman), Frank Jakobi (Deputy Chairman), Peter Long (Deputy Chairman), Andreas Barczewski, Peter Bremme, Prof. Dr Edgar Ernst, Wolfgang Flintermann, Angelika Gifford, Valerie Frances Gooding, Dr Dierk Hirschel, Sir Michael Hodgkinson, Janis Carol Kong, Coline Lucille McConville, Alexey Mordashov, Michael Pönipp, Carmen Riu Güell, Carola Schwirn, Anette Stempel, Ortwin Strubelt, Mag. Stefan Weinhofer and Dr Dieter Zetsche in the financial year that ended on 30 September 2018 are approved.

5. **Resolution on the appointment of the auditor**

Based on the recommendation of the Audit Committee and on a proposal of the Supervisory Board, it was resolved that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, will be appointed as auditor of the annual financial statements and the consolidated financial statements for the financial year that will end on 30 September 2019 and also for the audit review of the half-year financial report for the first half of such financial year. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, was also appointed as auditor for a potential review of additional interim financial information within the meaning of section 115 (7) of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG) for the financial years that will end on 30 September 2019 and on 30 September 2020 up to the next General Meeting.

6. **Resolution on a new authorisation to acquire and use own shares in accordance with section 71 (1) no. 8 AktG with potential disapplication of pre-emption rights and rights to tender shares and the option to cancel own shares, also while reducing the share capital**

It was resolved that:

- a) The Executive Board is authorised to acquire own shares up to a maximum of 5% of the share capital existing at the time of the resolution, but no more than 29,395,065 shares. The shares acquired, together with other own shares held by the Company or attributable to the Company in accordance with sections 71a et seq. AktG, must at no time exceed 10% of the share capital. In addition, the requirements of section 71 (2) sentences 2 and 3 AktG must be complied with. The authorisation must not be used for the purposes of trading in own shares.
- b) The authorisation may be used in whole or in part, once or several times, and in pursuit of one or several objectives. The acquisition may be effected by the Company, by dependent companies or companies that are majority-owned by the Company, or by third parties acting for their account or for the account of the Company. The authorisation replaces the authorisation to acquire own shares resolved by the Annual General Meeting on 13 February 2018, which will be cancelled once the new authorisation comes into effect, and remains valid until 11 August 2020. However, any contract to purchase own shares based on this authorisation may only be concluded prior to the next Annual General Meeting, i.e. only in the period up and until the 2020 Annual General Meeting. The acquisition will be effected, depending on the preference of the Executive Board, either on the stock exchange or by means of a public offer to buy or a public call to shareholders to submit an offer to sell (together "public tender offer").

- If the shares are acquired on the stock exchange, the share price paid by the Company (not including incidental acquisition costs) must not be more than 10% above or below the market price determined during the opening auction on the Frankfurt Stock Exchange (Xetra trading) or the depositary interests representing the shares at the London Stock Exchange on the respective stock exchange trading day. In addition, the share price paid by the Company (not including incidental acquisition costs) may in this case not exceed the higher of:
  - 105% of the average of the middle market quotations of the share or the depositary interest representing the share derived from the London Stock Exchange Daily Official List for the five trading days directly preceding the day on which such share is contracted to be purchased;
  - an amount equal to the higher of the price of the last independent trade of a share or the depositary interest representing the share and the highest current independent bid for a share or the depositary interest representing the share on the trading venue where the purchase is carried out.
  
- If the shares are acquired by means of a public tender offer to all shareholders, the offer price per share paid by the Company (not including incidental acquisition costs) must not be more than 10% above or below the price for the Company's shares determined during the closing auction on the Frankfurt Stock Exchange (Xetra trading) or the depositary interests representing the shares at the London Stock Exchange on the last stock exchange trading day before the decision of the Executive Board on the tender offer. If, following the announcement of a public offer to buy or a public call to shareholders to submit an offer to sell, there are significant variations in the relevant price, the offer or the call to shareholders to submit an offer to sell may be adjusted. In this case, the average price during the three stock exchange trading days prior to the decision of the Executive Board on any such adjustment will be used. If the total number of shares tendered in response to a public tender offer exceeds the volume of the latter, the acquisition may be effected in accordance with the ratio of shares tendered (tender ratio); in addition, preference may be given to accepting small quantities (up to 50 shares per shareholder) and rounding in accordance with common business practice may be allowed in order to avoid fractions of shares. Any further-reaching tender right on the part of shareholders is disappplied in this context.
  
- c) Company shares that have been acquired on the basis of this authorisation (up to 5 % of the share capital existing at the time of the resolution, but no more than 29,395,065 shares) may be sold through the stock exchange or by offering them to the shareholders in accordance with the principle of equal treatment. Furthermore, the Executive Board is authorised to use these shares for the following purposes instead:
  
- The shares may be cancelled, with the consent of the Supervisory Board, without such cancellation or the execution of such cancellation requiring any further resolution by the

General Meeting. They may also be cancelled without a capital reduction by adjusting the calculated pro rata amount of the Company's share capital attributable to the remaining shares. The cancellation may be restricted to only a portion of the shares acquired. If cancellation takes place without a capital reduction, the Executive Board is authorised to modify the number of the shares in the Charter accordingly.

- The shares may, with the consent of the Supervisory Board, also be sold by means other than a sale on the stock exchange or an offer to shareholders provided that the shares are sold for cash at a price that is not significantly below the market price (at the time of the sale) of shares of the Company that are subject to the same terms. In this case, the total number of shares to be sold is limited to 5% of the share capital existing at the time the resolution concerning the authorisation is passed by the General Meeting or – if lower – at the time the authorisation is exercised. The above authorisation volume of 5% of the share capital is reduced by the portion of the share capital attributable to shares or relating to bonds carrying warrant and/or conversion rights or obligations that were issued or sold after 12 February 2019 subject to the disapplication of pre-emption rights in accordance with section 186 (3) sentence 4 AktG applied directly, analogously or mutatis mutandis; however, this reduction will only be made insofar as the respective amount exceeds 5% of the share capital.
  - The shares may, with the consent of the Supervisory Board, also be sold against contributions in kind, in particular in connection with the acquisition of companies, parts of companies, interests in companies (including an increase of participation) or other assets (including receivables) and within the context of mergers.
  - The shares may also be used in connection with the exercise of conversion or warrant conversion or warrant rights or for the purpose of fulfilling conversion or warrant conversion or warrant obligations under convertible bonds, bonds with warrants, profit-sharing rights and/or income bonds (or combinations thereof) issued by the Company or by group companies and carrying conversion or warrant conversion or warrant rights or obligations.
- d) The authorisation under c) bullet points 2 to 4 also relates to the use of Company shares acquired on the basis of section 71d sentence 5 AktG.
- e) The authorisations under c) may be exercised once or several times, in full or in part, and individually or together, while the authorisations under c) bullet points 2 to 4 may additionally be exercised by dependent companies or companies that are majority-owned by the Company, or by third parties acting for their account or for the account of the Company.

- f) Shareholders' pre-emption rights to own shares are disapplied insofar as these shares are used in accordance with the above-mentioned authorisations under c) bullet points 2 to 4. In the event that the own shares are sold by means of an offer to the shareholders, the Executive Board will be authorised, subject to the consent of the Supervisory Board, to disapply shareholders' pre-emption rights for fractional amounts. However, in addition to the other restrictions under this resolution, the total portion of the share capital attributable to own shares for which pre-emption rights have been disapplied under this authorisation or through the exercise of the authorisations under c) bullet points 2 to 4 must not – together with the portion of share capital attributable to own shares or new shares from authorised capital issued under disapplication of pre-emption rights under section 186 (3) sentence 4 AktG or to own or new shares relating to conversion or warrant conversion or warrant rights or obligations from bonds that were sold or issued after 12 February 2019 subject to the disapplication of pre-emption rights under an analogous application of section 186 (3) sentence 4 AktG - exceed 10 % of the share capital. This threshold is to be calculated on the basis of the amount of share capital existing at the time of the effectiveness of the authorisation or sale of own shares, whichever is lower.

**7. Election of a new Supervisory Board member**

It was resolved as follows:

Mr Joan Trián Riu, Executive Board member of Riu Hotels & Resorts, residing in Palma de Mallorca, Spain, is elected as a member of the Supervisory Board, representing the shareholders, for the period as of the close of the Annual General Meeting 2019 until the close of the Annual General Meeting resolving on the approval of actions for the financial year ending on 30 September 2023.

**8. Resolution on the approval of the remuneration arrangements for the Executive Board pursuant to section 120 (4) sentence 1 AktG**

The remuneration system for the Executive Board has been amended with effect from 1 October 2017. In adapting the remuneration system renowned, independent external remuneration advisors assisted the Supervisory Board. The new remuneration system meets the requirements of the German Stock Corporation Act, the recommendations of the German Corporate Governance Code and also takes into account framework conditions arising from UK law as well as the UK Corporate Governance Code and market practice. The Annual General Meeting 2018 has approved the new remuneration system with a majority of 92.01%. The new remuneration system continues to be valid.

In his letter to the shareholders dated the 26 January 2018 the Chairman of the Supervisory Board announced to provide for a voluntary, legally non-binding approval of the remuneration system at the upcoming Annual General Meeting in order to particularly meet the requirements of the international shareholders as far as possible.

The components of the persistent remuneration system for the Executive Board are again described below. The details are set out the remuneration report (see Annual report and Accounts p. 128).

The new remuneration System for the Executive Board comprises a fixed remuneration and two variable remuneration components. Executive Board members will also receive the same kind of fringe benefits as before and a company car or monthly car allowance to the same extent as before, as well as company pension benefits in line with the previously granted pension commitments.

### **I. Fixed remuneration**

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

### **II. Variable remuneration**

The two variable remuneration components are an annual variable remuneration plan (*Jahreserfolgsvergütung* – JEV) and a multi-annual variable remuneration plan based on virtual shares of TUI AG, with a four-year performance reference period (Long Term Incentive Plan – LTIP).

#### **1. JEV**

The JEV is an annual bonus related to the respective financial year with a one-year performance reference period. It is calculated on the basis of a weighted average target achievement for three group performance indicators, an individual performance factor (0.8 to 1.2) and an individual target amount, which is agreed with each Executive Board member in their respective service agreement. The weighted average target achievement from the three group performance indicators is limited to 180%. Taking into account the individual performance factor, the JEV is limited to 216% of the individual target amount p.a. If the service agreement begins or ends in the course of the financial year relevant for granting of the JEV, the JEV and the remuneration cap will be calculated pro rata according to the proportion of the overall duration of the service relationship during the relevant financial year to the financial year as a whole.

#### **1.1 Group performance indicators and target achievement corridors**

The JEV takes into account three group performance indicators within ambitious target achievement corridors:

### **1.1.1 Earnings before taxes (EBT)**

The reported group earnings before taxes (EBT) on a constant currency basis is taken into account with a weighting of 50%. This permits inclusion of the net financial result in the calculation. The adjustment for currency effects makes it possible to measure the actual management performance without distortion from currency-induced translation effects.

The target value in the one-year performance reference period for the EBT is set each year in EUR by the Supervisory Board. To measure performance, the EBT reported in the current approved and audited consolidated accounts is compared, after adjustment for currency effects, with the target value for the respective financial year.

The reported EBT (adjusted for foreign exchange effects) must reach a threshold of at least 90% of the target value (equals target achievement of 50%), in order to be relevant for bonus purposes. In order to reach maximum target achievement of 180%, 110% or more of the earnings target (adjusted for foreign exchange effects) must be achieved. In the event of a quotient between 90% and 100%, linear interpolation will be used to determine the target achievement between 50% and 100%, and in the event of a quotient between 100% and 110%, linear interpolation will be used to determine the target achievement between 100% and 180%.

### **1.1.2 Return on invested capital (ROIC)**

As additional JEV parameter the group performance indicator ROIC is included in the JEV with a weighting of 25%. The Reported Group EBITA and the average invested interest-bearing capital for the financial year will be weighed against each other to establish the ROIC of the TUI Group used to calculate the JEV. By applying the average assessment previously used in the Annual Report, seasonal fluctuations and differences in capital intensity of the business model specific segments of TUI AG can be taken into account and a return on capital target can be included in the annual variable remuneration.

The target value in the one-year performance reference period for the ROIC is set each year in percent by the Supervisory Board. To measure performance, the TUI Group ROIC reported (in percent) in the relevant approved and audited consolidated accounts for the purpose of calculating Executive Board remuneration is compared with the target value (in percent) for the respective financial year.

In order to include the ROIC component in calculation of the JEV, the return on investment may fall no more than 3% points below the defined target value (corresponds to a target achievement of 50%). In order to reach maximum target achievement of 180% the target value must be exceeded by 3% points or more. In the event of a deviation between -3% points and 0% points, linear interpolation will be used to determine the target achievement between 50% and 100%, and in the event of a deviation between 0% points and 3% points,

linear interpolation will be used to determine the target achievement between 100% and 180%.

### **1.1.3 Cash flow**

A cash flow component, which is reported in the TUI AG Annual Report, is also included in calculation of the JEV as a third group performance indicator with a weighting of 25%. For this purpose the cash flow is determined using a simplified method, which is based on the management cash flow calculation and covers the liquidity parameters directly controlled by the Executive Board (depreciation, working capital, income from investments and dividends, net investments) on the basis of Reported Group EBITA, which is also adjusted for foreign exchange effects for this purpose.

The target value in the one-year performance reference period for the cash flow is set each year in EUR by the Supervisory Board. To measure performance, the cash flow identified from the relevant approved and audited consolidated accounts of the TUI Group is compared with the target value for the respective financial year.

The cash flow component must reach a threshold of at least 90% of the liquidity target (corresponds to a target achievement of 50%), in order to be relevant for bonus purposes. In order to reach maximum target achievement of 180%, achievement of 110% or more of the liquidity target is required. In the event of a quotient between 90% and 100%, linear interpolation will be used to determine the target achievement between 50% and 100%, and in the event of a quotient between 100% and 110%, linear interpolation will be used to determine the target achievement between 100% and 180%.

### **1.2 Individual performance factor**

The Supervisory Board shall determine the individual performance factor for each Executive Board member (0.8 to 1.2) based on the achievement of three target categories: In addition to the achievement levels for individual performance targets, this includes performance targets for the overall performance of the Executive Board and achievement levels for stakeholder targets. The Supervisory Board shall establish these criteria and their relative weighting for each Executive Board member and financial year.

## **2. LTIP**

The LTIP is a multi-annual variable remuneration plan based on virtual shares of TUI AG, with a four-year performance reference period that is dependent on the price development of the TUI AG shares. An individual target amount is agreed for each Executive Board member in their service agreement. On the first day of each financial year, a provisional number of virtual shares commensurate with the target amount will be calculated on the basis of the average XETRA price of TUI AG shares over the twenty trading days prior thereto. The final number of virtual shares at the end of the performance reference period, which determines



the payout on the basis of the average XETRA price of TUI AG shares over the 20 trading days prior to the end of the performance reference period, is calculated by multiplying the provisional number of virtual shares by the target achievement levels for two group performance indicators. The maximum payout for each tranche is capped at 240% of the individual target value. If the service agreement begins or ends in the course of the financial year relevant for granting of the LTIP, the LTIP and the remuneration cap will be calculated pro rata according to the proportion of the overall duration of the service relationship during the relevant financial year to the financial year as a whole.

## **2.1 Group performance indicators and target achievement corridors**

The LTIP will take into account two group performance indicators within ambitious target achievement corridors:

### **2.1.1 Earnings per share (EPS)**

The LTIP takes into account average EPS development p.a. as a group performance indicator, which is included with a weighting of 50%. Average assessment over the four-year performance reference period is based on pro forma underlying earnings per share from continuing operations reported in the approved and audited consolidated accounts of the TUI Group (LTIP-relevant EPS).

Performance is measured on the basis of four equally weighted annual amounts during the performance reference period, each of which expresses the change in LTIP-relevant EPS in percent compared to the previous year's figure. The first annual amount is based on the LTIP-relevant EPS in the last approved and audited consolidated accounts of the TUI Group prior to the start of the performance reference period.

If, during the four-year performance reference period, the LTIP-relevant EPS increases by less than 3% on average p.a. in relation to the value of the last financial year before commencement of the performance reference period, this shall correspond to a target achievement of 0%. An average increase p.a. of 3% corresponds to a target achievement of 25%. The maximum target achievement of 175% is reached in the event of an average increase p.a. of 10%. In the event of an average increase p.a. between 3% and 5%, linear interpolation will be used to determine the target achievement between 25% and 100%, and in the event of an average increase p.a. between 5% and 10% or more, linear interpolation will be used to determine the target achievement between 100% and 175%.

### **2.1.2 Relative total shareholder return (TSR)**

For the relevant TSR (aggregate of all share price increases plus the gross dividends paid over the performance reference period) the relative value is expressed in relation to the comparable companies in the STOXX Europe 600 Travel & Leisure in a percentile ranking. The relative TSR is included with a weighting of 50%.

Where the TSR value of TUI AG achieves a percentile below the median value of the relevant benchmark group, the TSR target is factored into the LTIP at 0%. A percentile on the median

is deemed to correspond to a target achievement of 100%. Where the percentile is equivalent to the maximum value 175% of the TSR target is deemed to be achieved. In the event of a percentile between the median and the maximum value, linear interpolation will be used to determine the target achievement between 100% and 175%.

### **III. Maximum total remuneration**

The maximum total remuneration of the CEO compared to the previous remuneration system has remained unchanged. The maximum total remuneration of the remaining Executive Board members is currently uniformly set at EUR 3,500,000 gross.

### **IV. Fringe benefits and company car**

The type of granted fringe benefits as well as the company car provisions have remained unchanged compared to the previous remuneration system.

### **V. Pension benefits**

Pension commitments already included in the previous remuneration system continue unchanged.

### **VI. Benefits upon early exit from company**

The provisions governing payments to Executive Board members in case of premature termination of Executive Board membership remained unchanged as under the previous remuneration system.

The remuneration system for the Executive Board members was approved as outlined above.