

# Rules of Procedure for the Supervisory Board of TUI AG

(version dated 9 September 2010)

## Article 1 – Tasks and responsibilities

- (1) The task of the Supervisory Board is to advise and monitor the Executive Board on a regular basis in the latter's management of the Company. The Supervisory Board is to be involved in discussions of fundamental significance for the Company. In the performance of its duties, the Supervisory Board is bound in the same way as the Executive Board to strive to preserve the existence of the Company and its sustained value creation (in the interests of the Company) in accordance with the principles of the social market economy.
- (2) The Supervisory Board appoints and dismisses the members of the Executive Board. When selecting members for the Executive Board, the Supervisory Board should also take diversity into account and, in particular, aim to include women to an adequate degree. It shall work together with the Executive Board to organise long-term planning of future appointments. Persons appointed for the first time should not as a rule be appointed for the maximum possible term of five years. A re-appointment earlier than one year prior to the end of a term of appointment with simultaneous cancellation of the current term shall take place under special circumstances only.
- (3) The Supervisory Board sets the total remuneration of each Executive Board member and decides on the remuneration system (including contractual elements) for the Executive Board and will review it on a regular basis. The remuneration should be reasonably proportionate to the responsibilities and performance of the Executive Board member, and to the situation of the Company, and should not exceed the standard remuneration, unless there are special reasons. The remuneration structure shall be designed to promote sustained Company development.
- (4) The tasks and responsibilities of the Supervisory Board also derive from the provisions of the law, the Charter, these Rules of Procedure and also from Articles 2 and 7 of the Rules of Procedure for the Executive Board adopted by the Supervisory Board. In addition, the Supervisory Board shall each year consider which of the recommendations and suggestions contained in the then-applicable German Corporate Governance Code should be followed. The Executive Board and Supervisory Board shall issue a report on the Company's corporate governance each year in the Annual Report.

## Article 2 – Chairman of the Supervisory Board

- (1) The chairman of the Supervisory Board is responsible for coordinating the work of the Supervisory Board, chairing its meetings and protecting and handling the Supervisory Board's interests *vis-à-vis* third parties. The constituting meeting of the Supervisory Board shall be chaired by the oldest member among the Supervisory Board members in attendance until a chairman has been elected.
- (2) The Supervisory Board chairman shall maintain regular contact with the Executive Board, in particular with the Executive Board chairman, and shall discuss with him strategy, business development and risk management. The Supervisory Board chairman shall advise the Supervisory Board of such discussions and about key events which are of significance for the status of the Company and about which he has been informed by the chairman of the Executive Board, and if necessary shall convene extraordinary meetings of the Supervisory Board.
- (3) Binding declarations of intent (*Willenserklärungen*) issued by the Supervisory Board shall be made on behalf of the Supervisory Board by the chairman of the board and, in the case of his indisposition, by his deputy. In dealings with third parties, the chairman shall represent the Supervisory Board by adding "The Supervisory Board" to the Company name.

## Article 3 – Committees

- (1) The Supervisory Board shall wherever possible perform its duties with all members collaborating in a spirit of cooperation. In principle, committees or individual members should work only to prepare the work of the Supervisory Board.
- (2) If special reasons demand that a committee or individual members are delegated tasks with decision-making competence, then such delegation is subject to the consent of the majority of the Supervisory Board members.
- (3) The Presiding Committee (*Präsidium*) formed in accordance with the Charter shall undertake the long-term succession planning of the Executive Board and shall prepare the appointment of Executive Board members, including the conditions of their contracts of service and their remuneration. It puts forward a suggestion to the Supervisory Board regarding the remuneration system for the Executive Board including all contractual elements as well as the remuneration of the individual members of the Executive Board. The Presiding Committee shall, exercising due discretion (*nach pflichtgemäßem Ermessen*)

and on behalf of the Supervisory Board, grant approval to members of the Executive Board to accept secondary jobs, in particular Supervisory Board mandates outside of the Company (no more than three mandates in publicly listed companies outside of the Group). Furthermore, the Presiding Committee shall also prepare Supervisory Board meetings. The Presiding Committee shall be chaired by the chairman of the Supervisory Board.

- (4) The Audit Committee to be established by the Supervisory Board shall consist of six members: three representing the shareholders and three representing the employees. The Audit Committee shall consider, in particular, issues related to Group accounting, risk management and compliance, the independence of the auditor, the awarding of the auditing assignment to the auditors, the determination of the focal points of audits and the fee agreement. As a rule, the chairman of the Audit Committee shall not be the chairman of the Supervisory Board or a former member of the Company's Executive Board whose appointment ended less than two years previously, but rather another representative of the shareholders.

The chairman of the Audit Committee should have particular knowledge and experience in the application of accounting principles and internal control methods.

- (5) The Nominating Committee to be established by the Supervisory Board should consist of the three members of the shareholders on the Presiding Committee of the Supervisory Board. The Nominating Committee will recommend suitable candidates to the Supervisory Board for nominations to the General Meeting and for appointment by the local court (*Amtsgericht*).

#### **Article 4 – Frequency of meetings, demands to convene, participation and preparation**

- (1) A Supervisory Board meeting shall take place once per quarter; the Supervisory Board must meet twice in any calendar half-year. Further meetings must be arranged if special reasons demand it or if one of the Supervisory Board or Executive Board members demands such a meeting while indicating the purpose and the reasons.
- (2) Demands for the convening of a meeting shall be addressed to the Supervisory Board chairman.
- (3) Supervisory Board meetings may also be held, as necessary, without the attendance of the members of the Executive Board.

- (4) The representatives of the shareholders and of the employees are entitled to prepare for the meetings of the Supervisory Board either separately or, if need be, with the members of the Executive Board.

#### **Article 5 – Convening meetings, quorum and resolutions**

- (1) The chairman is responsible for the invitations to Supervisory Board meetings and for the determination of the meeting location. He may delegate the process of invitation to the Executive Board. The notice period for the invitation is three weeks. In urgent cases, the chairman may shorten the notice period. The invitation should list all of the agenda items that should be handled at the meeting. Supervisory Board members should receive the agenda and any necessary documentation two weeks prior to the meeting. Deviations from this provision are permissible in exceptional and justified cases.
- (2) Resolutions concerning items, the treatment of which was not announced at least one week prior to the meeting, may be adopted only if no member of the Supervisory Board present at the meeting opposes such a vote. In urgent cases, the one-week notice period may be shortened to the notice period set by the chairman for the convening of the meeting.
- (3) The Supervisory Board will have quorum if all members are invited and at least one-half of the members, including the chairman or his deputy, are present.
- (4) A Supervisory Board member who is indisposed and unable to attend the Supervisory Board meeting is entitled to give another Supervisory Board member his written vote (also by fax) regarding specific items on the agenda.
- (5) Resolutions shall be adopted upon a simple majority of the votes cast, unless the law specifically requires some other voting majority. If there is a deadlock in the votes cast, then each member of the Supervisory Board has the right to demand another vote at the same meeting. During this vote, the Supervisory Board chairman may cast a second vote if there is again a deadlock.
- (6) The chairman shall specify the form of voting.
- (7) The Supervisory Board is entitled to adopt resolutions in writing, by telegraph, by phone or by fax or email, if the chairman considers it appropriate after conferring with the members of the Presiding Committee on such a procedure. These resolutions are to be recorded in writing and forwarded to the members of the Supervisory Board together

with the invitation to the next Supervisory Board meeting.

- (8) For purposes of determining whether the notice periods referred to above have been met, the date on which notice in question was mailed (date of postmark) is dispositive.

#### **Article 6 – Minutes of meeting**

Minutes shall be recorded for each meeting of the Supervisory Board and of its committees and shall generally reflect the outline of discussions and the content and the results of the resolutions adopted. The minutes of the meeting shall be signed by the chair of the meeting and shall be sent to all members of the Supervisory Board and the Executive Board, unless the Supervisory Board or the committee decides otherwise (confidential minutes).

#### **Article 7 – Confidentiality**

All dealings of the Supervisory Board and all documents used during the meetings are confidential within the meaning of sections 116, 93 of the German Stock Corporation Act (*Aktiengesetz*). Insofar as the Supervisory Board wishes to make public statements, the chair of the meeting shall take all the steps necessary for this purpose.

#### **Article 8 – Composition of the Supervisory Board, conflicts of interest, efficiency audit**

- (1) The composition of the Supervisory Board shall be such that its members as a group have the required level of skills, know-how and professional experience to perform their duties.

The proposals made to the General Meeting regarding the election of new shareholder representatives to the Supervisory Board should ensure that the following objectives are achieved with regard to the composition of the Supervisory Board:

- comprehensive knowledge of the industry
- internationality
- diversity
- adequate participation of women

Supervisory Board members shall not sit on any boards of, or perform any consulting

work for, companies deemed to be significant competitors of the Company.

Any person who is a member of the executive board of a publicly listed stock corporation shall not sit on more than three supervisory boards in publicly listed companies or on the supervisory bodies of companies with comparable requirements. At the time of their appointment, Supervisory Board members should as a rule not be older than 68 years of age.

- (2) Executive Board members may not become members of the Company's Supervisory Board within two years of the end of their appointment, unless their election is the result of a proposal from shareholders who possess more than 25% of the Company's voting rights. In the latter case, a move to become chairman of the Supervisory Board should be an exception and must be justified at the General Meeting.
- (3) Each Supervisory Board member is obligated to act in the interests of the Company. The member must disclose any conflicts of interest to the Supervisory Board. The Supervisory Board shall, in its report at the General Meeting, present information concerning any conflicts of interest which arose and how they have been handled. In the case of significant conflicts of interest that are not merely temporary in nature, the Supervisory Board shall recommend to the General Meeting that the Supervisory Board member in question be prematurely removed.
- (4) Each member of the Supervisory Board shall advise the Company without undue delay about any shares held in the Company or its Group members, about any options or other derivatives thereon and about any purchases and sales. Each member of the Supervisory Board shall ensure that any shares which he holds in the Company shall not be used at the Company's General Meeting to vote on whether to ratify the actions taken by the Supervisory Board.
- (5) The Supervisory Board shall review the efficiency of its activities at regular intervals.

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