Risk Report

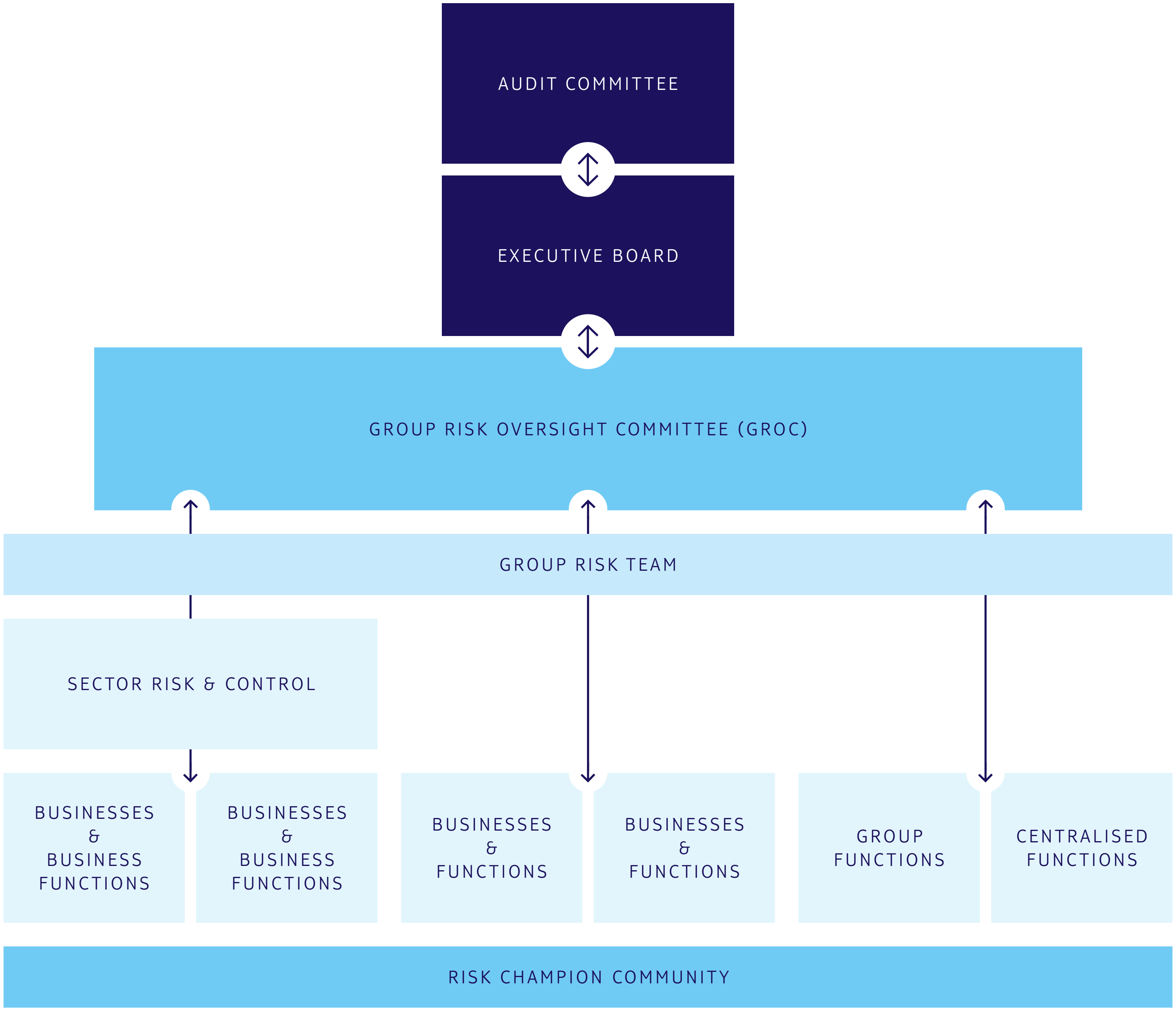
Successful management of existing and emerging risks is critical to the long-term success of our business and to the achievement of our strategic objectives. In order to seize market opportunities and leverage the potential for success, risk must be accepted to a reasonable degree. Risk management is therefore an integral component of the Group's Corporate Governance.

At TUI, managing risk has always been a vital part of how we conduct our business. At TUI we incorporate all elements of a fully developed risk management system. It is not limited to identifying only those developments that could jeopardise the companies continued existence, it also includes the active management of all other material risks. Risk management is limited to risks only, short-term chances or opportunities are managed in the controlling process, whereas Group Strategy continuously identifies and monitors long-term chances. Legal risks are reported in a separate legal risk report.

In financial year 2023, the Group has conducted a Climate Scenario Analysis following the recommendations of the Task Force for Climate Related Financial Disclosures (TCFD) initiative. Certain risks and opportunities resulting from projected climatical changes have been identified and assessed. Given the importance of climate change, TUI is using its established Risk Management Process to facilitate the management of these risks. Given the variety of potential impacts on our business and to report on these elements centrally, we have decided to set up a new principal risk "Climate change impacting our business model" (see principal risk 10 on page 48) These topics have been discussed intensively in two of our Group Risk Oversight Committee meetings and results have been presented to both, the Group Executive Committee and the Audit Committee.

Risk Governance

TUI Risk Management Governance



Oversee & Review
- *Oversee adequacy and effectiveness of the risk management system*
- *Acknowledge the risk appetite*

Direct & Assure
- *Overall responsibility for risk management*
- *Determine strategic approach to risk*
- *Approve risk policy including risk appetite and set tone at the top*
- *Agree how principal risks are managed, mitigated and monitored*
- *Review the effectiveness of the risk management system*

Review & Communicate
- *Formulate risk strategy and policy*
- *Discuss and propose risk appetite*
- *Summarise and assess principal risks*
- *Ensure effective monitoring*
- *Report back to Executive Board*

Support & report

Coordinate, support & report in Sector

Identify, Assess & Manage
- *Understand key risks*
- *Review key risks and mitigation*
- *Manage and monitor risks*
- *Report on risk status*

AUDIT COMMITTEE – OVERSEE & REVIEW

The Audit Committee, as a subcommittee of the Supervisory Board, is overseeing the appopriateness and effectiveness of the risk management system. The Head of the Group Risk team reports minimum once a year on the system itself, on topics which have been discussed in the Group Risk Oversight Committee, the principal risks and their changes. The Committee considers the adequacy and the effectiveness of the risk management system and reviews and acknowledges the risk appetite on a principal risk level as formulated by the Executive Board.

EXECUTIVE BOARD – DIRECT & ASSURE

With oversight by the Supervisory Board, the Executive Board determines the strategic direction of the Group and agrees the nature and extent of the risks it is willing to take to achieve its strategic objectives.

Ultimate accountability for the Group's risk management rests with the Executive Board and therefore it has established and maintains a risk management system to identify, assess, manage and monitor risks which could threaten the existence of the company or have a significant impact on the achievement of its strategic objectives: these are referred to as the principal risks of the Group. This risk management system includes an internally-published risk management policy which helps to reinforce the tone set from the top on risk, by instilling an appropriate risk culture in the organisation whereby employees are expected to be risk aware, control minded and to 'do the right thing'. The policy provides a formal structure for risk management to embed it in the fabric of the business. Each principal risk has assigned to it a member of the Executive Board as overall risk sponsor to ensure that there is clarity of responsibility and to ensure that each of the principal risks are understood fully and managed effectively.

The Executive Board reports to the Audit Committee of the Supervisory Board on the adherence to both the German legal and the UK listing requirements, the overall risk position of the Group, on the individual principal risks and their management, and on the performance and effectiveness of the risk management system as a whole.

GROUP RISK OVERSIGHT COMMITTEE – REVIEW & COMMUNICATE

On behalf of the Executive Board, the Group Risk Oversight Committee (the GROC), ensures that business risks are identified, assessed, managed and monitored across the businesses and functions of the Group. As a rule meeting on a quarterly basis, the GROC's responsibilities include considering the principal risks to the Group's strategy and the risk appetite for each of those risks, assessing the operational effectiveness of the mitigation in place to manage those risks and any action plans to further mitigate them, as well as reviewing the bottom-up risk reporting from the businesses themselves to assess whether there are any heightened areas of concern.

Chaired by the Chief Financial Officer, senior operational and finance management as well as those Central Functions which are fulfilling the role as a second line are represented on the committee.

Leaders of Central Functions as well as senior executives from the Group's major businesses are invited on a rotational basis to present on their risk and control framework. This allows members of the GROC to ask questions on the processes in place, the risks present in each business or function, as well as any new or evolving risks which may be on their horizon. It also provides opportunity to seek confirmation that an appropriate risk culture continues to be in place in each of the major businesses and that there are no gaps between risk management at business level and at function level.

The GROC reports biannually to the Executive Board to ensure that it is kept abreast of changes in the risk landscape and developments in the management of principal risks, and to facilitate regular quality discussions on risk management at the Executive Board meetings.

GROUP RISK TEAM – SUPPORT & REPORT

The Executive Board has also established a Group Risk team to ensure that an adequate risk management system is set up and functions effectively and that the risk management policy is implemented appropriately across the Group. The team facilitates the risk management process by providing guidance, support and challenge to management whilst acting as the central point for coordinating, monitoring and reporting on risk across the Group. It also supports the GROC in fulfilling its duties and the reporting to both the Executive and Supervisory Boards. Additionally, Group Risk is responsible for the operation of the risk and control software that underpins the Group's risk reporting and risk management process.

SECTOR RISK & CONTROL – COORDINATE, SUPPORT & REPORT IN SECTOR

Sector risk and control teams work as the connecting element between businesses and the Group. They facilitate the risk management process in their respective areas by providing guidance support and reporting. They challenge management in identifying and assessing risks, hence ensuring proper sector governance.

BUSINESSES & FUNCTIONS – IDENTIFY, ASSESS & MANAGE

Every business and function in the Group is required to adopt the Group Risk Management policy. In order to do this, each either has their own risk committee or includes risk as a regular agenda item at their Board meetings to ensure that it receives the appropriate senior management attention within their business. In addition, the businesses each appoint a Risk Champion, who promotes the implementation of the risk management policy within their business and ensures its effective application. The Risk Champions are in close contact with the Group Risk team and are critical both in ensuring that the risk management system functions effectively, and in implementing a culture of continuous awareness and improvement in risk management and reporting.

Risk Reporting

The Group Risk team applies a consistent risk reporting methodology across the Group. This is underpinned by risk and control software which reinforces clarity of language, visibility of risks, mitigation and actions and accountability of ownership. Although the process of risk identification, assessment and response is continuous and embedded within the day-to-day operations of the businesses and functions, it is consolidated, reported and reviewed at varying levels throughout the Group on at least a quarterly basis.

Risk Identification: Management closest to the risks identify those that are relevant to the pursuit of the strategy within their business area.

A risk owner is assigned to each risk, who has the accountability and authority for ensuring that the risk is appropriately managed.

Risk Assessment: The methodology used is to initially assess the gross (or inherent) risk. This is essentially the downside, being the product of the impact together with the likelihood of the risk materialising if there is no mitigation in place to manage or monitor the risk. In line with the Group budgeting horizon, risk assessment is made for a timeframe of one year with longer horizons where necessary, e. g. in case of longer term projects. The key benefit of assessing the gross risk is that it highlights the potential risk exposure if mitigation were to fail completely or not be in place at all. Both impact and likelihood are scored using the criteria shown below.

Impact Assessment

MINOR	MODERATE	SIGNIFICANT	MAJOR	SERIOUS
Impact on	Impact on	Impact on	Impact on	Impact on
Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery	Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery	Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery	Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery	Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery

Likelihood Assessment

RARE	UNLIKELY	POSSIBLE	LIKELY	ALMOST CERTAIN
< 10 %	10 – < 30 %	30 – < 60 %	60 – < 80 %	≥ 80 %

The next step in the risk reporting process is to assess and document the mitigation currently in place to reduce the likelihood of the risk materialising and / or its impact if it does. Consideration of these then enables the current (or residual) risk score to be assessed, which is essentially the reasonably foreseeable scenario. This measures the impact and likelihood of the risk with the mitigation in place and effective. The key benefit of assessing the current risk score is that it provides an understanding of the current level of risk faced today and the reliance on the mitigation in place.

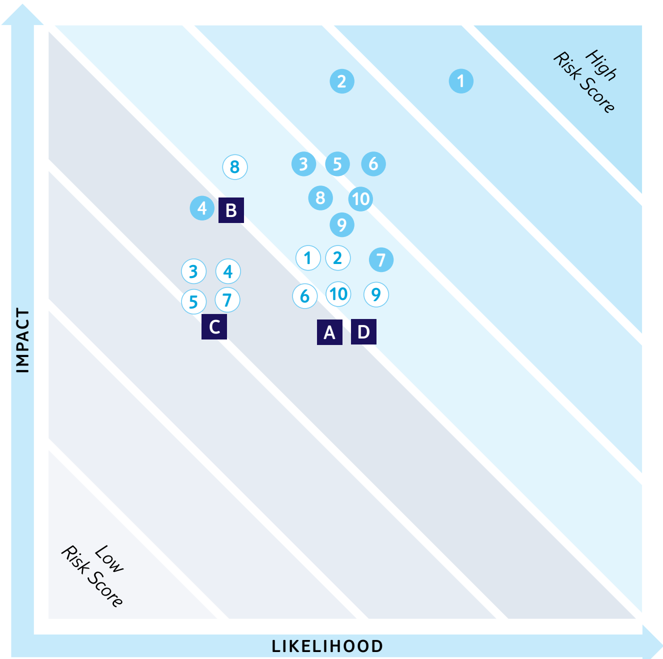
Risk Response: If management is comfortable that the current risk position is within the Group's appetite, the risk is accepted and no further action is required to further reduce it. The mitigation continues to be operated and management monitors the risk, the mitigation and the risk landscape to ensure that it remains at an acceptable level. If management assesses that the current risk score is too high, an action plan will be drawn up with the objective of introducing new or stronger mitigation that will further reduce the impact and / or likelihood of the risk to an acceptable level. This is known as the target risk score and is the parameter by which management can ensure the risk is being managed in line with their overall risk appetite. The risk owner will normally be the individual tasked with ensuring that this action plan is implemented within an agreed timetable. Each business and function will continue to review their risk register on an ongoing basis through the mechanism appropriate for their business e. g. local Risk Committee.

This bottom-up risk reporting is considered by the GROC alongside the Group's principal risks. New risks are added to the Group's risk register if deemed to be of a significant nature so that the ongoing status and the progression of key action plans can be managed in line with the Group's targets and expectations.

AD HOC RISK REPORTING

Whilst there is a formal process in place for reporting on risks on a quarterly basis, the process of risk identification, assessment and response is continuous and therefore if required, risks can be reported to the Executive Board outside of the quarterly process, should events dictate that this is necessary and appropriate. Ideally such ad hoc reporting is performed by the business or function which is closest to the risk, but it can be performed by the Group Risk team if necessary.

Principal Risk Heat Map



RISKS ABOVE APPETITE

CURRENT RISK POSITION

TARGET RISK POSITION

1 *Lack of integration and flexibility (IT & Ops)*
2 *Reduced customer demand*
3 *Insufficient cash flow*
4 *Volatility of input costs*
5 *Access to EU airspace*
6 *Disruption of IT Systems (Cyber attack)*
7 *Lack of sustainability improvements*
8 *Reliance on key suppliers*
9 *Disruption within our destinations*
10 *Climate change impacting our business model*

RISKS WITHIN APPETITE

CURRENT RISK POSITION

A *Security Health & Safety failure*
B *Breach of regulatory requirements*
C *Management of joint venture partnerships*
D *Instability to attract & retain talent*

CURRENT RISK POSITION

The level of risk faced today taking account of the mitigation already in place and operating effectively

TARGET RISK POSITION

The acceptable level of risk, in line with the overall risk appetite

PRINCIPAL RISKS
To keep a manageable overview of the risks reported in the process, and to understand the changes in our risk landscape, we map individual risk into a cluster of similar risks, which we report as principal risks. Principal risks are subject to the risk appetite assessment and are reported separately in this risk report.

OVERSIGHT OVER OF THE RISK MANAGEMENT SYSTEM
Based on the work of the GROC and the Group Risk team, the Executive Board regularly reports to the Audit Committee of the Supervisory Board on the performance of the risk management system. Additionally, the Audit Committee receives assurance from Group Audit over a selection of principal risks, processes and business transformation initiatives most critical to the Group's continued success.

In accordance with Section 317 (4) HGB (German Commercial Code), the external auditor of TUI AG has audited the early detection system for risks, being a part of the Risk Management System. The early detection system is required by Section 91 (2) AktG (German Stock Corporation Act) and the auditor has to conclude, if the system can fulfill its duties.

Risk appetite

The Executive Board and Audit Committee, in conjunction with the Group Risk Oversight Committee has reviewed the Group's risk appetite. The results of the review indicate the board's risk appetite across three risk types:

Operational risks – In the second summer season after pandemic restrictions, significant efforts have and are still undertaken internally and externally to stabilize the tourism value chain significantly at all levels and our offers have been close to normalised levels. We have therefore lowered our risk appetite from a medium-high level in the financial year 2022 to a medium-low level with regards to all operational risks. However, tourism business has always been vulnerable to unforeseen external events and our business is prepared to manage such adverse events and our risk appetite is adapted to this: Since we cannot foresee the type or location of external events and their magnitude of impact to our business, we can – in case events occur – offer a variety of alternative products for rebooking. Further, we manage the situation on the ground for our colleagues and our customers already en route using our highly professional crisis management. In the financial year 2023, wildfires on Southern Europe and an extensive heatwave in the Mediterranean has caused crisis management procedures.

Compliance risks – a continued low risk tolerance with regard to compliance-related risks, including compliance with regulatory requirements, the security of information in any form and the prevention of harm to customers, employees and all other stakeholders.

Financial risks – a continued "elevated-low" risk tolerance with regard to financial risks due to volatile prices of important tourism expenses. With a fundamentally unchanged hedging policy, the hedging ratios for all input costs in foreign currency and fuel risks continue to be below the target values. We assume that the hedging ratios will approach the historical ratios again in the medium term.

Our principal risks are aligned to these risk types.

Adapting the risk appetite to the principal risks

The principal risks to the Group are either considered to be 'Above' or 'Within' risk appetite.

Risks above the appetite are those that either require further mitigation in order to reduce them to an acceptable position or are heightened by external events beyond our control. We have action plans in place to increase or strengthen mitigation around each of these risks and reduce the current risk score to the target level indicated in the heat map diagram.

Risks within the appetite are those that considered to be at an acceptable level. For these, we have controls, processes and procedures in place as a matter of course that serve to mitigate each risk to either minimize the likelihood of the event occurring and / or minimise the impact if it does occur. These risks remain on our risk radar where we regularly monitor the risk, the mitigation and the risk landscape to ensure that the risk score stays stable and within our risk appetite in each case.

→ *In the heat map diagram, the assessment criteria used are shown on page 38.*

If the risk details in the subsequent tables do not suggest otherwise, the risks shown below relate to all segments of the Group. The risks listed are the principal risks to which we are exposed but are not exhaustive and will evolve over time due to the dynamic nature of our business.

Principal risks above risk appetite

Nature of Risk	Mitigating Factors

1. LACK OF INTEGRATION AND FLEXIBILITY WITHIN OPERATIONS AND IT SYSTEMS

Nature of Risk

The Group's strategy is focused on driving profitable topline growth, based on growth in market share, customer growth, product growth, sustainability and winning team.

A clearly defined and comprehensive set of strategic initiatives are in place to deliver this, covering five areas: Markets & Airlines, Holiday Experiences, Central Customer Ecosystem, People and Sustainability.

The Group's strategy ensures that we are more vertically integrated, which reduces the impact of disruption by pure digital players. The overall strategy is to drive profitable topline growth whilst reducing our cost base. This involves the integration of our businesses and the development of core platform capabilities and technical infrastructure providing flexibility of IT services.

Our focus is on enhancing our operations and customer experience by providing engaging, intuitive and seamless customer service through the delivery of these projects.

The Group believes that this strategy positions well TUI for growth, and will further strengthen TUI versus the competition. However, the Group recognizes that there is a risk of ineffective strategic execution, arising from various factors including:

- Failure to notice and respond to structural shifts in market trends
- Failure to prioritise strategic initiatives with the greatest impact for TUI
- Lack of resource to deliver strategic initiatives
- Inadequate execution of strategic initiatives

The lack of integration and flexibility within our systems and operations, particularly in the Markets & Airline businesses can impact our competitiveness and our ability to provide a superior customer experience as well as to deliver on quality and operational efficiency.

Mitigating Factors

- Evaluation of the current and future leisure experiences market landscape, based on analysis of consumer needs, development of supply, emerging trends, innovation, considerations of sustainability and resource availability
- Regular updates on and discussion of strategic topics and initiatives at the GEC, Executive Board and Supervisory Board
- Allocation of resource to strategic initiatives, including product owners, project teams and budget
- Approval of business cases relating to strategic initiatives by the appropriate body (in accordance with the Group's Investment Approvals Policy)
- Strategic initiatives and KPIs incorporated into Budget and 3YP process
- Strong project management structures exist for all of the major restructuring, acquisition and disposal programs, which are underway to ensure that they are managed effectively.
- Project reporting tool and reporting of strategic KPIs in monthly Operating and Financial review ensures enhanced visibility of the progress of major projects as a matter of routine.
- Centralised management structures to oversee the Markets & Airline businesses.

Change of net risk compared to previous year:

Unchanged risk Increased risk Lower risk New risk

Nature of Risk	Mitigating Factors
2. REDUCTION IN CUSTOMER DEMAND	
Spending on travel and tourism is discretionary and price sensitive as well as competitive. The economic outlook remains uncertain. Furthermore, in recent years there has been an emergence of successful substitute business models such as web-based travel and hotel portals which allow end users to combine the individual elements of a holiday trip on their own and book them separately. There is the risk that these external factors within our industry will impact on the spending power as well as the desire to travel of our customers. This could impact our short-term growth rates and lead to margin erosion. The price increases observed in the year under review had no relevant impact on customer demand. Adverse climate conditions (heat-waves, droughts, heavy rain) bear the risk that customer demand for popular holiday destinations, where TUI is active, decline. This could impact our mid-term growth and the valuation of our hotel assets in these countries.	• Our market position as a globally operating tourism group, our brand and our integrated business model enables us to respond robustly to competitive threats. • The Group is characterised by the continuous development of new holiday experiences, developing new concepts and services which match the needs and preferences of our customers. Our strong and lasting relationships with our key hotel partners further reinforces our ability to develop new concepts exclusive to the Group. • The traditional package tour is becoming more diverse by combining low-cost flights with currently available hotels, even at short notice. This also creates new offers, such as city breaks. In the industry we call this process dynamic packaging. In addition, we also offer individual travel products separately, i. e. accommodation, flights, rental cars, insurance and TUI Musement products which are services ranging from excursions at the holiday destination to visits to museums in the city. • Experience shows that many consumers give high priority to their travel spending. • Leveraging our scale to keep costs down and prices competitive. • The multitude of source markets, which react to external shocks to varying degrees, can lead to a balancing effect. • Promoting the benefits of travelling with a globally operating tour operator to increase customer confidence and peace of mind. • With our asset right strategy in our hotels business, we aim a mix of owned, leased or other partnership arrangements to manage the investment into the holiday destinations. This secures capacity and thus limiting the financial investment.

Nature of Risk	Mitigating Factors
3. INSUFFICIENT CASH FLOW	
Tourism is an inherently seasonal business with the majority of profits earned in the European summer months. Cash flows are similarly seasonal with the cash high occurring in the summer as advance payments and final balances are received from customers, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the end of the summer season. There is the risk that if we do not adequately manage cash balances through the winter low period this could impact on the Group's liquidity and ability to settle liabilities as they fall due whilst ensuring that financial covenants are maintained.	• The Executive Board has continued to place significant focus on the review of the Group's cash flow position during and after the COVID-19 crisis period. • The strong demand for holidays has brought operations back to pre-pandemic levels in FY23 and thus contributed towards improving the cash position. • With the positive cash flow in 2023 and, the financing measures implemented in the year under review (capital increase in April 2023 and RCF prolongation in May 2023 net of government handbacks), the Executive Board believes that, despite the existing risks, the TUI Group currently has and will continue to have sufficient funds resulting both from the borrowing and from operating cash flows to meet its payment obligations and to continue as a going concern. • Our focus on holiday experiences is helping to reduce the seasonality risk, as hotels, cruises and destination experiences have a more evenly distributed profit and cash profile across the year. • As our business is spread across a number of markets, there are some counter-cyclical features e. g. winter is a more important season for the Nordic and Canadian markets. Some brands, such as the UK ski brand Crystal Ski, have a different seasonality profile which helps to counter-balance the overall profile. • The business regularly produces both short term and long term cash forecasts during the year – on a daily basis when needed –, which the Treasury department use to manage cash resources effectively. We continue to maintain high-quality relationships with the Group's key financiers. TUI AG's RCF and KfW credit line are subject to compliance with certain financial target values (covenants) for debt coverage and interest coverage, the review of which is carried out based on the last four reported quarters at the end of the financial year or the half-year of a financial year. As of 30 September 2023, TUI successfully complied with the financial covenants. → *Please refer to the Viability Statement on page 52 for further details on the measures taken this year.*

Nature of Risk	Mitigating Factors

4. VOLATILITY OF INPUT COSTS

Nature of Risk

A significant proportion of operating expenses are in non-local currency and / or relate to aircraft and cruise fuel which therefore exposes the business to fluctuations in both exchange rates and fuel prices.

There is the risk that if we do not manage the volatility of exchange rates, fuel prices and other input costs adequately, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. Although we are still not back to prepandemic levels of hedging lines, we have significantly improved our positions against future volatilities for the upcoming winter and summer seasons.

Furthermore, changes in macroeconomic conditions, such as those that were experienced as a result of the pandemic and other geopolitical events, like the war on Ukraine, can have an impact on fuel rates and exchange rates which, particularly for the £ / € rate has a direct impact on the translation of non-euro market results into euros, the reporting currency of our Group. The increase in inflationary pressures has led to central banks increasing interest rates. Initially, the aggressive raising of US interest rates by the US Federal Reserve vs. a slower pace of monetary tightening by other central banks, most notably the ECB, increased interest rate differentials and caused the US dollar to strengthen against other currencies such as the Euro and British Pound. Central banks are now expected to be nearing the peak of their interest rate hiking cycle, as inflation has generally been falling, but at a slower pace than many had anticipated. Whilst the US Federal Reserve was (and still is) expected to be amongst the first to cut rates, the resilience of the US economy means that US rates are expected to remain higher for longer. It is also the case that interest rates are likely to stay higher for longer in the Euro Zone and the UK, but after a period of US dollar weakening against both Euro and the British Pound, the resilience of the US economy has not yet seen the pivot to a weaker US dollar to the extent that many market commentators have been predicting. Where the Group has unhedged exposures, any strengthening of the US dollar will have an adverse impact on input costs denominated in US dollars. Conversely any weakening of the US dollar will have a beneficial impact on input costs denominated in US dollars.

Mitigating Factors

- An established Hedging Committee that monitors the Group's hedging position.
- Ensuring that the appropriate derivative financial instruments are used to provide hedging cover for the underlying transactions involving fuel and foreign currency.
- Maintaining an appropriate hedging policy to ensure that hedging cover is taken out ahead of the markets' customer booking profiles. This provides a degree of certainty over input costs when planning pricing and capacity, whilst also allowing some flexibility in prices so as to be able to respond to competitive pressures if necessary.
- Tracking the foreign exchange and fuel markets to ensure the most up-to-date market intelligence and the ongoing appropriateness of our hedging policies.
- Expressing our key profit growth target in constant currency terms so that short term performance can be assessed without the distortion caused by exchange rate fluctuations.

Further information on currency and fuel hedges can be found in the Notes to the consolidated financial statements in the Financial instruments section.

Nature of Risk	Mitigating Factors
5. ACCESS TO EU AIRSPACE	
Our main concern is whether or not all of our airlines will continue to have access to EU airspace as now. If we were unable to continue to fly intra-EU routes, such as from Germany to Spain, this would have a significant operational and financial impact on the Group. Other areas impacted by Brexit include the status of our UK employees working in the EU and vice versa and potential customer visa requirements for holidays from the UK to the EU.	• Dedicated workstreams to coordinate suitable mitigation strategies where the UK exit from the European Union has impacted on our operations, particularly the airlines. • Regular engagement and lobbying towards relevant UK and EU decision makers to stress the continued importance of a liberalised and less regulated aviation market across Europe to allow access to investment capital and to protect consumer choice in both regions.
6. DISRUPTION TO IT SYSTEMS (CYBER ATTACKS)	
Our responsibility is to protect the confidentiality, integrity and availability of the data we process for our customers, employees, and businesses. This is an evolving risk due to increasing digitalisation, our supply chain, emerging technologies such as generative AI, growing global cyber-crime activity, Russia-Ukraine conflict and more regulation (e.g. EU GDPR). Our consolidation under the TUI brand and increasing dependence on digital sales and customer care increases our exposure and the potential worst-case impact of a successful cyber-attack. If we do not ensure we have the appropriate level of security controls in place across the Group, this could have a significant negative impact on our key stakeholders, associated reputational damage and potential for financial implications.	• Continued commitment from the Executive Board in support of key initiatives to ensure existing and future IT systems are secure by design, protected against denial of service attacks that could impact system availability, exposure to vulnerability is managed and user access is monitored. We consider security first in everything we do. • TUI's Information Security Management System ensures a coordinated, standards based, proactive approach to the identification and management of information security risk across the Group. • We keep people safe in the digital world. Our colleagues are made aware of information security risks through appropriate training and awareness campaigns. TUI are investing in modern authentication and protecting the digital identities of our customers and colleagues. • Security is integrated into our software development and release processes. • Our security risk assessment methodology, controls, policy, and guidelines have been updated to include provisions for the assessment and secure use of Generative AI. • We continue to increase the maturity and coverage of our Security Operations Centre and platform to anticipate, detect and respond to cyber-attacks and information security incidents. • Continuous improvement through lessons learned from real or simulated cyber incidents.

Nature of Risk	Mitigating Factors
7. LACK OF SUSTAINABILITY IMPROVEMENTS	
For the Group, economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our Company. This is the way we create the conditions for long-term economic success and assume responsibility for sustainable transformation in the tourism sector. Our focus is to reduce the environmental impact of our operations and promote responsible social policies and outcomes both directly through our own business and indirectly via our influence over our supply chain partners, thereby driving the sustainable transformation of the tourism industry. There is a risk that we are not successful in driving social and environmental improvements across our operations, that our suppliers do not uphold our corporate and social responsibility standards and we fail to influence destinations to manage tourism more sustainably. If we do not maximise our positive impact on destinations and minimise the negative impact to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage and reduction in demand for our products and services.	• The TUI Sustainability Agenda purpose is to set and drive industry standards, ambitious goals and develop transformation roadmaps for all parts of the business. • This means to actively engage colleagues, partners and customers, bringing sustainability to life in a tangible and emotional way. • The Group Sustainability department sets clear goals, priorities, and the framework to deliver the Sustainability Agenda. • Operating one of the most carbon efficient airlines in Europe with continued investment in new, more efficient aircraft and cruise ships. • Our ambition is to achieve net-zero emissions across our operations and supply chain by 2050 at the latest. • Science-based targets have been set for our airline, hotel and cruise operations by 2030, validated by the Science Based Targets initiative (SBTi). • Development and implementation of emission reduction roadmaps for airlines, cruises and hotels to significantly reduce emissions. • Adhering to increasingly supply chain focused regulations (e. g. German Supply Chain Act, EU Supply chain due diligence regulation 2025) rolling out new processes and structure with a strong focus on procurement. • Implemented an environmental management system with all TUI airlines having achieved ISO 14001 certification. • Driving up social and environmental standards through accommodation suppliers achieving certifications recognised by the Global Sustainable Tourism Council (GSTC) and applying the GSTC Criteria to TUI experiences. • Enabling customers to make more sustainable holiday choices by launching our Green & Fair label.

Nature of Risk	Mitigating Factors
8. RELIANCE ON KEY SUPPLIERS	
Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers, particularly for hotels, aircraft and cruise ships. This is heightened by the industry convention of paying hoteliers in advance (‘prepayments’) to secure a level of room allocation for the season as well as in areas where a single supplier is used to provide a product or service. There is the risk that we are unable to continue with our core operations in the event of a major service failure from our key suppliers.	• Using reputable and financially stable suppliers, particularly in areas where a single supplier is used to provide a service. • Regular monitoring of supplier performance against agreed terms and conditions • Strong working relationships with all key suppliers • Owned and joint venture partner hotels form a substantial part of our program which reduces our inherent risk in this area. • A robust prepayment authorisation process is established and embedded to both limit the level of prepayments made and ensure that they are only paid to trusted, credit-worthy counterparties. • Prepayments are monitored on a timely and sufficiently granular basis to manage our financial exposure to justifiable levels. • Developing adequate controls around key suppliers operative ability. In service meetings, for example, we discuss current challenges with suppliers even more closely, so that we are also in a position to react operationally ourselves.
9. DISRUPTION WITHIN OUR DESTINATIONS	
Providers of package holiday and leisure experiences are exposed to the inherent risk of external events in operational areas. This can include natural disasters such as wild fires in Greece or hurricanes in the Caribbean, outbreaks of disease, such as the COVID-19 pandemic, political instability or wars close to our destinations, such as in the Middle East, with an impact on our destinations in Egypt or Turkey, as well as terrorist events such as the tragic incident in Tunisia in 2015. There is the risk that if such an event occurs, impacting one or more of our destinations that we could potentially suffer operational disruption and increased costs. We may be required to repatriate our customers and / or need to provide additional support and / or the event could lead to a significant decline in demand to the affected destinations over an extended period.	• Within our Group Security, Health and Safety (SHS) centre of excellence we have a centralised Crisis Management Planning and Coordination function, providing centralised frameworks, personnel reporting structures, incident management systems and crisis communications plans for use in the local delivery of any response. • Our well-established crisis management procedures and emergency response and business continuity plans are activated when an event of this nature occurs and focus on the welfare of our customers. • Due to our presence in key holiday destinations, in the event of a local event occurring, we can offer alternative options to our customers and remix our destination portfolio away from the affected area in future seasons if necessary.

Nature of Risk	Mitigating Factors
10. CLIMATE CHANGE IMPACTING OUR BUSINESS MODEL	
Climate change is a complex issue and there is significant uncertainty surrounding the climate system, as well as how the world will respond to mitigate the effects of climate change. However, physicals effects are already being felt today and are predicted to worsen, and we're seeing increasing climate action.	
Increased costs due to the introduction of new, or extension of existing, carbon pricing mechanisms (including pass-through of higher costs by suppliers), and new energy and emissions regulations Increasing regulations and restrictions targeting the airline and cruise industry, leading to reduced revenue and / or stranded assets Costly or unavailable future fuels and technologies resulting in higher costs, or preventing further decarbonisation and compliance with regulations	• TUI is committed to decarbonising its business, and has set ambitious near-term science-based emissions reduction targets with the SBTi. • To achieve these, TUI airlines procures state-of-the-art aircraft, implements operational efficiencies (including route optimisation), and will increase the use of SAF. TUI already has cooperation agreements in place to promote the production and supply of SAF. • TUI Cruises invests in energy efficiency at ship operations, fuel-saving route optimisation, shore power in ports and alternative fuels, such as sustainable biofuels, bio-LNG and green methanol. The three newbuilds coming into the fleet by 2026 will not use heavy fuel oil. Mein Schiff 7 will enter service in 2024 and will run on lower-emission marine diesel and be equipped with catalytic converters and a shore power connection. In addition, the ship will also be able to run on green methanol in the future. In 2024 and 2026, two ships will follow, which will be operated with LNG. LNG serves as a bridge technology until bio-LNG is available, which will be produced either from biogenic sources or synthetically from renewable energy. • TUI Hotels & Resorts is focused on renewable energy and resource-saving operational practices to reduce hotel emissions as far as possible.
Decline of travellers due to shifts in consumer preferences and behaviour, and increasing negative public sentiment towards travel, resulting in loss of revenue Decline of overall customer demand as the price for our products will increase to reflect higher capital expenditures and operational expenses to offer carbon low products Difficulties in obtaining access to financing and increasing cost of capital due to the inability to reduce emissions in line with market expectations	• Managing both market and reputational risks depends on the successful implementation of our emissions reduction initiatives. Accordingly, we have roadmaps in place to deliver on our science-based targets. • Whilst the cost for flights is very likely to increase, all markets participants have to roll-over this "green inflation". With our state-of-the-art efficienct fleet, it is likely that our cost increase is competitive. Further, the share of extra cost from low-carbon flying is lower in a package and hence we believe that we can effectively transfer cost additions. • TUI has set science-based emissions reduction targets for 2030 and a net zero target for 2050. TUI continues to notice a wide range of financiers due to TUI Group's financial performance and is continuing to develop relationships with new sources of finance and monitor development of the market. TUI is in a continuing education process with lessors and the financial community to maintain confidence in the strategy.

Nature of Risk	Mitigating Factors
Physical damage to assets and business disruption due to extreme weather-related events	• This risk is managed at the asset-level. • We manage the overarching risk through insurance and a large and regional spread hotels & resorts portfolio, providing diversifiying the risk of asset impairment. • We hold relatively short-duration lease contracts, enabling flexibility in case of changes in insurability.
Extreme weather events disrupting transport hubs, resulting in delays and cancellations, and increased costs	• The risk of airport disruption was found to be low in the physical risk analysis. Nonetheless, TUI works closely with airports in case of disruption and will continue to evaluate the risk profile of its material airports. • Whilst docking is already considered a resilient activity, the risk is further mitigated by the flexibility to adjust cruise itineraries.
Physical damage to assets and business disruption due to longer-term shifts in climate patterns	• Whilst the scenario analysis indicate higher probability of extreme wheather events, non of the locations where our hotels & resorts are located is vulnerable to a rising sea level during the time frame of our climate scenario analysis. • This risk is managed with insurance and TUI Hotels & Resorts' renewable energy strategy.
Changing weather patterns decreasing suitability for tourism and / or making source markets more attractive, impacting tourism demand	• Climate-related factors are considered in the expansion of TUI's Hotels & Resorts business segment.

Principal Risks within appetite

Nature of Risk	Mitigating Factors
A. SECURITY HEALTH & SAFETY FAILURE	
The safety and security of customers and colleagues is of paramount importance to any holiday and travel service provider. There is the risk of accidents, incidents or events occurring causing illness, injury or death to customers or colleagues whilst on a TUI holiday or whilst using a TUI operated / provided activity or service. In addition to the harm caused the affected individual(s), this could result in disruption to operational activities, reputational damage to the business and / or financial liabilities through loss of earnings, lack of demand and / or legal claims being brought by the affected parties.	• The established Group Security, Health & Safety (Group SHS) centre of excellence oversees safety and security risk management activities, delivering alignment and consistency across the TUI Group. • Group SHS operational responsibilities include TUI Tour Operations, TUI Hotels & Resorts and TUI Musement (including Intercruises). Operational safety and security risk management activities for Airline and Cruise operations are managed from within the respective business units. • Data-led, risk-based Safety and Security Risk Management systems are in place and are subject to continuous review / improvement. • Safety and Security Risk Management clauses are included in supplier contracts. • Appropriate insurance policies are in place to mitigate any financial losses.
B. BREACH OF REGULATORY REQUIREMENTS	
Most providers of holiday and travel services operate across a number of economies and jurisdictions, which therefore exposes them to a range of regulatory laws which must be complied with. As we are operating from multiple source markets and providing holidays in more than many destinations, we are exposed to a range of laws and regulations with which we must comply or else risk incurring fines or other sanctions from regulatory bodies.	• Communication and strong tone from the top concerning compliance with laws and regulations. • Risk based compliance management systems managing the most relevant legal areas for the Group. • Regular reporting of Integrity and Compliance Director in different bodies (Group Executive Committee, Audit Committee, Group Works Council) in order to guarantee appropriate monitoring, supervision and implementation of action plans and to strengthen the Integrity & Compliance culture across the Group. • Embedded legal expertise in all major businesses responsible for maintaining high quality relationships with the relevant regulators and authorities. • Ongoing implementation and review of Compliance Management System conducted by the Group Integrity & Compliance department to monitor compliance with regulations and provide expert advice to local teams on specific compliance areas.

Change of net risk compared to previous year:

Unchanged risk · Increased risk · Lower risk · New risk

Nature of Risk	Mitigating Factors
C. MANAGEMENT OF JOINT VENTURE PARTNERSHIPS	
It is common for tourism groups to use partnerships in some of their operations in order to reduce the risk of new ventures, to gain access to their expertise of the local market and, in case of consolidation at equity, to strengthen the balance sheet position in line with our less capital intensive 'asset-right' strategy (e.g. the transaction completed with Riu). There are threee significant partnerships within the Group: Pep Toni Hotels S.A., TUI Cruises GmbH and Midnight International Holdings Limited. *For details on our strategy refer to page 24.* There is the risk that if we do not maintain good relations with our key partners that the ventures' objectives may not remain consistent with that of the Group which could lead to operational difficulties and jeopardize the achievement of financial targets.	• Good working relationships exist with all of our main partners and they are fully aligned with and committed to the growth strategy of the Group.
D. INABILITY TO ATTRACT AND RETAIN TALENT	
Our success depends on the ability to attract, retain, and develop our talent to ensure that we equip our employees to deliver our strategy as well as to also become our future leaders. There is a risk that we are unable to attract and retain key talent, build future leadership capability and maintain the commitment and trust of our employees. Challenges in managing and maintaining our talent pipeline in order to deliver against our strategy, drive competitiveness and maximize on our operating performance, may impact on our ability to future proof the Group and the associated potential for negative impact on shareholder confidence. The risk has stabilised and reduced to prepandemic levels but we continue to monitor closely to ensure that we retain our key talent through development initiatives, whilst launching a new tool to measure our Employee Experience and supports all of the activities around our new Employee Value Proposition.	• Support retention by refreshing our Performance Management processes, aligning our development opportunities to the business needs and communicating all internal vacancies to our employees. • Promoting a working from anywhere culture, allows us to attract and retain a wider pool of talent that does not require to be located close to our base offices. • Build and develop internal talent pools of our high potential employees ensuring that they are diverse and inclusive. • A strategically aligned leadership programme for high performing management at all levels and the creation of strong management development programme for all people managers

Viability Statement

In accordance with Rule 31 of the UK Corporate Governance Code, the Executive Board assesses the Company's future prospects for a period exceeding the twelve months required by the going concern premise. The Executive Board reviews the business development annually and on a rolling basis based on a three-year strategic plan. The current three-year plan was adopted in October 2023 and covers the period until 30 September 2026. A three-year horizon is considered appropriate for a fast moving competitive environment such as tourism.

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. Following the successive lifting of the measures to restrict contact and travel in most countries, business has been mainly resumed in all segments in the course of the first half year of the 2022 calendar year.

To cover the resulting liquidity needs, the Group has carried out various financing measures in the financial years 2020 to 2022, which, in addition to three capital increases, the use of the banking and capital markets and cash inflows from the sale of assets, also include financing measures from the Federal Republic of Germany in the form of a KfW credit line initially totalling € 2.85 bn, an option bond from the German Economic Stabilisation Fund (WSF) totalling € 150 m and two silent participations from the WSF initially totalling € 1.091 bn.

In financial year 2022, TUI reduced KfW's credit line to € 2.1 bn in various steps. In addition, 913 of the 1,500 bonds with warrants issued to WSF were redeemed and the Silent Participation II of the WSF of € 671.0 m was repaid in full ahead of schedule.

The financing measures are described in detail in the annual reports for the past three financial years.

On 13 December 2022, TUI has concluded a new agreement with the WSF on the repayment of stabilization measures ("Repayment Agreement"). This agreement regulates the intended complete termination of the stabilization measures granted by the WSF by means of a right of the Company (i) to repayment of the contribution made by the WSF as a silent partner in January 2021 in the nominal amount of then € 420 m ("Silent Participation I") and (ii) to repurchase the warrant-linked bond 2020 / 2026 ("Warrant Bond") issued by the Company to WSF in the remaining amount of € 58.7 m as well as the 58,674,899 option rights ("Warrants") originally attached to the warrant bond. In addition, the Repayment Agreement regulates the implementation of capital measures for the purpose of refinancing the aforementioned measures.

In February 2023, TUI AG implemented the ten-for-one reverse stock split previously resolved by the 2023 AGM in accordance with the provisions of the Economic Stabilisation Acceleration Act. As a result, the Company's share capital declined from € 1.785 bn to around € 179 m. The corresponding reduction amount of around € 1.606 bn was transferred to the company's capital reserves.

In accordance with the repayment agreement with the WSF, the Executive Board of TUI AG resolved a capital increase with subscription rights of € 1.8 bn with the approval of the Supervisory Board on 24 March 2023. For the fully subscribed capital increase, 328,910,448 new shares were offered at a subscription ratio of 8:3 and a subscription price of € 5.55. The subscription period for the new shares ended on 17 April 2023.

Following receipt of the proceeds from the capital increase on 24 April 2023, Silent Participation I and the around 56.8 m warrants held by the WSF as well as the outstanding 587 of the 2020 / 2026 bonds with warrants were fully redeemed on 27 April 2023. For Silent Participation I and the 2023 coupon payable on it, a redemption price of € 651.6 m was paid. € 30.8 m were used for the repurchase of the warrants and further € 61.9 m for the early redemption of the 587 bonds with a nominal value of € 58.7 m, including accrued interest of € 3.2 m.

At the same time, the early repayment penalty for Silent Participation II of € 5.7 m, agreed with the WSF in April 2022, became due. TUI has thus terminated and repaid all stabilisation measures of the WSF.

Moreover, TUI AG reduced the volume of the KfW credit facility from € 2.1 bn to € 1.05 bn following completion of the capital increase.

The capital increase completed in April 2023 and the subsequent substantial reduction in government financing will enable a significant improvement in the TUI Group's credit ratios and reduce current interest costs, allowing TUI to focus on growth and further market recovery.

In May 2023, TUI extended the maturity of the existing credit lines of € 2.7 bn by a further two years. The syndicated credit line with the 19 banks (€ 1.64 bn), including the credit line with KfW (€ 1.05 bn), together referred to as the "RCF", will now mature in July 2026. The RCF of TUI AG is subject to compliance with certain financial targets (covenants) for debt coverage and interest coverage, the review of which is carried out on the basis of the last four reported quarters at the end of the financial year or the half-year of a financial year.

As at 30 September 2023, TUI Group's revolving credit facilities totalled € 2.7 bn, they comprised the following

- € 1.64 bn credit line from 19 private banks (incl. € 190 m guarantee line)
- € 1.05 bn KfW credit line.

The KfW credit line, which was reduced to €1.05 billion after the successful capital increase, is not expected to be drawn on and serves only as a buffer. The aim is to return this credit line quickly.

The support and stabilisation package as well as the further financing measures are described in detail in the chapter 'Going concern reporting according to the UK Corporate Governance Code' in the notes.

See chapter Going Concern Reporting in accordance with the UK Corporate Governance Code, page 188.

In the view of the Executive Board, the TUI Group currently has and will continue to have sufficient funds, resulting both from borrowings and from operating cash flows, to meet its payment obligations and to continue as a going concern in the foreseeable future. Therefore, as at 30 September 2023, the Board does not identify any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Board does not foresee risks that may jeopardise the Group's ability to continue as a going concern and does not believe that compliance with the financial covenants is at risk as at 31 March 2024 and 30 September 2024.

Taking into account the current situation of the Group and the main risks, the Executive Board has a reasonable expectation that the Group will be able to continue operations and meet the obligations arising within the three-year period under review.

Key features of the internal control and risk management system in relation to the (Group) accounting process (sections 289 (4) and 315 (4) of the German Commercial Code)

1. CONCEPTUAL FRAMEWORK AND GOVERNANCE

The internationally recognised framework created by COSO (Committee of Sponsoring Organizations of the Treadway Commission) forms the conceptual basis for TUI Group's accounting-related internal control system.

On the basis of section 107 (3) of the German Stock Corporation Act, the Audit Committee of the Supervisory Board of TUI AG reviews the auditing of the annual financial statements, monitoring the accounting process and the effectiveness of the internal control and risk management systems. The reliability of financial reporting and the monitoring of the financial accounting process as well as the effectiveness of the internal control and risk management systems are described in the Audit Committee Report. This also takes account of the effectiveness of the accounting-related internal control and risk management system.

Audit Committee Report, see page 19.

The Group's auditors gain insight into TUI Group's established control environment and control measures. The accounting-related audits by the auditor are complemented by an assessment of selected controls. The audit of the consolidated financial statements by the Group auditor and the audit of the individual financial statements of Group companies included in the consolidated financial statements, in particular, constitute a key non-process-related monitoring measure in relation to Group accounting.

In Group accounting, the risk management system, implemented as a component of the internal control system in the form of an Enterprise Risk Management (ERM) System, also addresses the risk of misstatements in Group bookkeeping and external reporting. A more detailed explanation of the risk management system is provided in the section on Risk Governance in the Risk Report.

2. USE OF IT SYSTEMS

Bookkeeping transactions are captured in the individual financial statements of TUI AG and of the subsidiaries of TUI AG through local accounting systems, above all supplied by SAP. When preparing TUI AG's consolidated financial statements, the subsidiaries complement their individual financial statements by setting up standardised reporting packages in the Oracle Hyperion Financial Management (HFM) reporting system. HFM is used as the uniform reporting and consolidation system throughout the Group and hence no additional interfaces are involved in preparing the consolidated financial statements.

All consolidation processes used to prepare the consolidated financial statements of TUI AG, e.g. capital consolidation, the consolidation of assets and liabilities and the elimination of expenses and income and at equity measurement, are generated and fully documented in HFM. Virtually all elements of TUI AG's consolidated financial statements, including the disclosures in the Notes, are developed from and validated by the HFM consolidation system. HFM also provides various modules for evaluation purposes in order to present complementary information to explain TUI AG's consolidated financial statements.

The HFM reporting and consolidation system has an in-built workflow process whereby, when the reporting companies capture their data packages within the system, they are then locked out from making any further changes to that data. This ensures data integrity within the system. This workflow process has been checked and validated by the TUI AG Group Audit department on several occasions since the system was introduced.

At their own discretion, TUI AG's Group auditors select certain individual financial statements from the financial statements entered in the HFM reporting and consolidation system by the Group companies, which are then reviewed for the purposes of auditing the consolidated financial statements.

3. SPECIFIC RISKS RELATED TO (GROUP) ACCOUNTING

Specific risks related to (Group) accounting may arise, for example, from unusual or complex business transactions, in particular at critical times towards the end of the financial year. Business transactions not routinely processed also entail special risks. The discretion necessarily granted to employees for the recognition and measurement of assets and liabilities may result in further (Group) accounting-related risks. The outsourcing and transfer of accounting-specific tasks to service companies may also give rise to specific risks.

4. KEY REGULATION AND CONTROL ACTIVITIES TO ENSURE PROPER AND RELIABLE (GROUP) ACCOUNTING

The internal control measures aimed at securing proper and reliable (Group) accounting ensure that business transactions are fully recorded in a timely manner in accordance with legal requirements and the Articles of Association. This also ensures that assets and liabilities are properly recognised, measured and presented in the financial statements and the consolidated financial statements. The control operations also ensure that bookkeeping records provide reliable and comprehensive information.

Controls implemented to secure proper and reliable accounting include, for instance, analysis of facts and developments on the basis of specific indicators. Separation of administrative, execution, settlement and authorisation functions and the implementation of these functions by different persons reduces the potential for fraudulent operations. Organisational measures also aim to capture any corporate or Groupwide restructuring or changes in sector business operations rapidly and appropriately in (Group) accounting. They also ensure, for instance, that bookkeeping transactions are correctly recognised in the period in which they occur in the event of changes in the IT systems used by the accounting departments of Group companies. The internal control system likewise ensures that changes in the TUI Group's economic or legal environment are mapped and that new or amended accounting standards are correctly applied.

To safeguard financial processes, there is a Group-wide framework under which all major companies included in the consolidated financial statements as fully consolidated companies are required to report the nature of their controls and their implementation for financial reporting, fraud prevention and detection and effectiveness of working capital management in relation to defined risks from financial processes to the Group Risk & Controls function with system support and to assess their effectiveness on a quarterly basis. The Group Risk & Controls function reviews these reports on a sample basis and provides advice on how to improve efficiency and effectiveness. Where financial processes are carried out in the Group's own Shared Service Center, this function provides support for the further development of the process and control framework. Based on the feedback received, Internal Audit selects companies for an in-depth review of the control measures in accordance with its own risk assessment.

The TUI Group's accounting policies together with the International Financial Reporting Standards (IFRS) in compliance with EU legislation, govern the uniform accounting and measurement principles for the German and foreign companies included in TUI's consolidated financial statements. They include general accounting principles and methods, policies concerning the statement of financial position, income statement, notes, management report and cash flow statement.

The TUI Group's accounting policies also govern specific formal requirements for the consolidated financial statements. Besides defining the group of consolidated companies, they include detailed guidance on the reporting of financial information by those companies via the group reporting system HFM on a monthly, quarterly and year end basis. TUI's accounting policies also include, for instance, specific instructions on the initiating, reconciling, accounting for and settlement of transactions between group companies or determination of the fair value of certain assets, especially goodwill. At Group level, specific controls to ensure proper and reliable (Group) accounting include the analysis and, where necessary, correction of the individual financial statements submitted by the Group companies, taking account of the reports prepared by the auditors and meetings to discuss the financial statements which involve both the auditors and local management. Any further content that requires adjusting can be isolated and processed downstream. The control mechanisms already established in the HFM consolidation system minimise the risk of processing erroneous financial statements. Certain parameters are determined at Group level and have to be applied by Group companies. This includes parameters applicable to the measurement of pension provisions or other provisions and the interest rates to be applied when cash flow models are used to calculate the fair value of certain assets. The central implementation of impairment tests for goodwill recognised in the financial statements secures the application of uniform and standardized evaluation criteria.

5. DISCLAIMER

With the organisational, control and monitoring structures established by the TUI Group, the internal control and risk management system enables company-specific facts to be captured, processed and recognised in full and properly presented in the Group's accounts.

However, it lies in the very nature of the matter that discretionary decision-making, faulty checks, criminal acts and other circumstances, in particular, cannot be ruled out and will restrict the efficiency and reliability of the internal control and risk management systems, so that even Group-wide application of the systems cannot guarantee with absolute certainty the accurate, complete and timely recording of facts in the Group's accounts.

Any statements made relate exclusively to TUI AG and to subsidiaries according to IFRS 10 included in TUI AG's consolidated financial statements.