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Statement from the Company

1. **On the opposing motion of the Association of Ethical Shareholders Germany concerning agenda item 3**
   - **Discharge of liability of Executive Board members for the 2018 financial year**

   The shareholder has tabled a motion to deny the discharge of the members of the Executive Board from liability for the 2018 financial year. The shareholder has justified their opposing motion with the argument that the Executive Board of the Company has not adequately fulfilled its responsibility to take adequate action in terms of climate protection, in particular regarding the aim to fulfil the objectives of the Paris Agreement and the UN's 2030 Agenda for Sustainable Development. The shareholder further argues that carbon-neutral growth from 2020 onwards is not achievable based on the currently planned activities (technological progress, improved infrastructure, operational measures and economic measures).

   The Lufthansa Group emphatically advocates limiting the environmental impact of its business activities to an unavoidable minimum. This is demonstrated by the continuous investments in especially efficient next-generation aircraft and Group programmes aimed at sustainably increasing fuel efficiency.

   From 2021, CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) will serve as a global offsetting system for ensuring that growth in the international aviation industry remains carbon-neutral. The participating nations and airlines (among them the Lufthansa Group) have committed to offsetting the increase in carbon emissions caused by the global aviation industry relative to its own starting point. This offsetting will be performed in line with uniform standards established by a global system based on sustainability certificates. These certificates are required to comply with stringent sustainability criteria and must be accepted by the International Civil Aviation Organisation (ICAO). Lufthansa has also made commitments to the IATA (International Air Transport Association) to halve its net carbon emissions between 2005 and 2050.

   Likewise, the ongoing renewal of the Lufthansa Group fleet is showing tangible results. On average, the Lufthansa Group airlines only required 3.65 litres of kerosene in 2018 to transport a passenger over 100 kilometres. Compared to 1990, this is an improvement of over 41% and the lowest value to date in the history of the Company. The latest order of forty state-of-the-art long-haul Boeing 787-9 and Airbus A350-900 aircraft will enable further reductions in emissions of up to 1.5 million tonnes of CO_2 each year.

   In recent years (until 2017), Lufthansa has successfully conducted projects trialling biokerosene. However, for widespread use, the availability of sustainable alternative fuels is inadequate. The price of biokerosene is also currently five times that of fossil kerosene. Lufthansa is therefore actively involved in activities aimed at generating liquid fuels from renewable energy sources (Power-to-Liquid, PtL).

Also, with retroactive effect from 1 January 2019, all business flights of Lufthansa Group employees will be conducted on a carbon-neutral basis. The offsetting of the carbon emissions will be performed through renowned Swiss climate protection organisation myclimate.

The Executive Board can therefore point to numerous activities that have been undertaken to actively contribute to climate protection, satisfying its responsibility towards the environment and to its shareholders to the greatest extent possible. The Company therefore stands by its proposal to discharge the members of the Executive Board of liability for the financial year 2018.

2. On the opposing motion submitted by Mr Herbert Kainzlsperger concerning agenda item 3

- Discharge of liability of Executive Board members for the 2018 financial year

The shareholder wishes to deny the discharge of the members of the Executive Board from liability for the 2018 financial year. He has justified this as follows: firstly, he claims that the Executive Board has to date failed to adjust the “high” pension provisions to a level “comparable with that of competing companies” and that it has instead drawn upon distributable earnings for these at the expense of the shareholders. Secondly, he believes that Lufthansa’s dividend payments over the past seven years have been too low on average, causing the Company to lose return-driven shareholders, which in turn has caused the share price to fall. According to him, the pension provisions should solely be drawn from the “equity investments” of the distributable earnings, and shareholders must be granted an equal 50% share of the earnings.

Lufthansa is required by law to form pension provisions. However, the corresponding liabilities are being particularly strongly affected by a changing discount rate. As the pension scheme has been switched from a defined benefit model to a defined contribution model, the required provisions have recently fallen significantly. For the pension schemes of domestic employees with defined contribution models, a funding ratio of 100% is expected. The funding ratio of defined benefit commitments is significantly dependent on the current discount rate and was around 71% as of 31 December 2018.

Dividend payments are governed by the dividend policy, which Lufthansa considers to be suitable. The long-term dividend policy provides for a regular dividend payout ratio of 10% to 25% of consolidated EBIT.

The Company therefore stands by its proposal to discharge the members of the Executive Board of liability for the financial year 2018.

3. **On the opposing motion submitted by Mr Herbert Kainzlsperger concerning agenda item 4**

   - **Discharge of Supervisory Board members for the 2018 financial year**

   The shareholder also wishes to deny the discharge of the members of the Supervisory Board from liability for the 2018 financial year and has justified this in the same fashion as his opposing motion on agenda item 3.

   The Supervisory Board oversaw the work of the Executive Board members and advised them. The Supervisory Board held a total of five meetings in 2018. The Executive Board provided the Supervisory Board with full, timely information on the competitive environment, planned Company policy as well as all strategic decisions and key operating decisions. Major items of capital expenditure and equity investments as well as planned Group financing activities were coordinated with the Supervisory Board. At the Supervisory Board accounts meeting, the auditors reported on the audit findings. The Supervisory Board reviewed in detail the Company's separate and consolidated financial statements and the condensed management report. For further information on the work of the Supervisory Board and its committees we refer to the Supervisory Board report. The Supervisory Board therefore fulfilled the duties conferred on it by law, the Company's Articles of Association and its internal regulations.

   The Company therefore stands by its proposal to discharge the members of the Supervisory Board of liability for the financial year 2018.

4. **On the opposing motion submitted by Mr Herbert Kainzlsperger concerning agenda item 6**

   - **Approval of the remuneration system for Executive Board members**

   The shareholder wishes to withhold approval of the system of remuneration for Executive Board members. Given the lack of positive share price development in recent years and what he believes to be an insufficient dividend payout, he considers a salary increase as "consumptive expenditure" to be unacceptable.

   With the new remuneration system due to take effect from the 2019 financial year, the Supervisory Board will be introducing a modern target achievement bonus model for Executive Board members to replace the existing margin participation system. This new system represents much better the needs & interests of the various interest groups – in particular shareholders and their representatives. It increases transparency and plausibility and better reflects individual performance, the absolute & relative performance of the share price, the Total Shareholder Returns (TSR) and sustainability objectives. Thus, the new system specifically aims to create a stronger link between the salaries of the Executive Board members and changes in the share price.

   For ordinary Executive Board members, the basic remuneration will therefore remain at roughly the same level. The difference between the basic remuneration of the Chairman of the Executive Board and CEO and the basic remuneration of an ordinary member of the

Executive Board has been raised to a proportion that is conventional within the market. The variable remuneration has been fundamentally restructured.

In future, it will comprise only a one-year and multi-year component. Sustainability parameters that were previously only incorporated in the multi-year variable remuneration ("deferrals") will now be reflected in both the one-year and multi-year variable remuneration. In addition to the existing sustainability parameters (employees, customers and environment), the sustainability parameters "compliance", "reputation" and "quality" will also be taken into consideration in future, with the Supervisory Board defining annual focal points. The new remuneration system therefore focuses on providing incentives for the sustainable growth of the Company's value. The members of the Executive Board are now also required under newly introduced share ownership guidelines to hold shares amounting to 100% (for an ordinary Executive Board member) or 200% (for the Chairman of the Executive Board and CEO) of the basic annual remuneration.

The Company therefore stands by its proposal to approve the new system of remuneration for Executive Board members.