

Combined non-financial declaration

Lufthansa Group intends to fulfil its role as a leading player in the aviation industry, also in terms of sustainability. | Corporate responsibility is an integral part of the corporate culture. | The combined non-financial declaration focuses on the aspects of environmental concerns, customer concerns, employee concerns, anti-corruption and bribery, human rights, social concerns, responsible production and sustainability in the supply chain as an interdisciplinary topic. | Report is based on the GRI Standards 2016.

About this combined non-financial declaration

In accordance with CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG) which came into force on 19 April 2017, Deutsche Lufthansa AG is again publishing a combined non-financial declaration for the financial year 2019 in accordance with Sections 315b and 315c German Commercial Code (HGB) in conjunction with Sections 289b to 289e HGB. Deutsche Lufthansa AG publishes a non-financial declaration at Company level and a non-financial Group declaration together as a combined non-financial declaration. It combines aspects and issues on the following key issues: environmental concerns, customer concerns, employee concerns, anti-corruption and bribery, human rights, social concerns and responsible production and sustainability in the supply chain as an interdisciplinary topic. In addition, measures and initiatives taken by the Lufthansa Group that demonstrate the Company's wide-ranging commitment to corporate responsibility are described in the combined management report. References to these passages are made in this declaration.

In its Group risk management system, the Lufthansa Group also takes into consideration impacts on non-financial aspects and issues. ➤ **Opportunities and risk report, p. 65ff.**

Taking into account the measures and concepts described and using the net method, there are currently no indications of risks that would have a severe negative impact on these aspects and that are highly likely to occur. This applies to the Lufthansa Group and also to its supply chain.

Unless otherwise stated, the disclosures made here relate to the group of consolidated companies referred to in the consolidated financial statements. Unless stated otherwise, the disclosures reflect the perspective of both the Group and Deutsche Lufthansa AG. This combined non-financial declaration was subject to a voluntary limited assurance engagement in accordance with ISAE 3000 (revised).

➤ **Independent Practitioner's Report on a Limited Assurance Engagement on Non-Financial Reporting, p. 244f.**

References to disclosures outside the combined management report are additional information and do not form part of the combined non-financial declaration.

Disclosures on the business model

The Lufthansa Group is a global aviation group with a total of 580 subsidiaries and equity investments. The business model of the Lufthansa Group is described in detail in the combined management report. ➤ **Principles of the Group, p. 15ff.**

Sustainability is firmly established within the Company

Responsible conduct in compliance with legislation is a key element of the Lufthansa Group's corporate culture and is embedded in the Group strategy. Since 2002, the Company has applied the principles of the UN Global Compact for sustainable and responsible corporate governance. In addition, it supports the Sustainable Development Goals (SDGs) of the Agenda 2030, as adopted by the UN member states in 2015.

In order to contribute towards achieving the SDGs, the Company is concentrating on the seven SDGs where it can reduce its negative impact and increase its positive effect due to its business model: SDG 4: Quality Education, SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 12: Responsible Consumption and Production, SDG 13: Climate Action and SDG 17: Partnerships for the Goals. An overview of the goals and information on action taken by the Lufthansa Group to support these goals can be found in the table ↗ **T054 Sustainable Development Goals**, p. 105. The Code of Conduct, which has been binding for all bodies, managers and employees of the Lufthansa Group since 2017, has been supplemented by a Supplier Code of Conduct in the past financial year that is based on the original Code of Conduct. In this Supplier Code of Conduct, the Lufthansa Group lays out its position that it also expects business partners and suppliers to adhere to the principles as a fundamental aspect of the business relationship. 📄 <https://investor-relations.lufthansagroup.com/en/corporate-governance/compliance/code-of-conduct.html>. The standards at its core are not only the basis for responsible conduct and fair competition, but also seek to identify and avoid legal and reputational risks.

The Lufthansa Group’s commitment to climate protection is demonstrated by its climate score of “B” from the international non-profit rating organisation CDP (previous year: “B”) and so is in the management band of the global ranking.

Since 2015, the Group has also been part of the MSCI Global Sustainability Index prepared by MSCI, a US index provider. It tracks companies that are particularly committed to sustainability.

The highest monitoring body in the area of sustainable management is the Supervisory Board. In the reporting year, the Group Executive Committee (GEC), chaired by the Chairman of the Executive Board and CEO, determined the focus and further development of sustainability-related activities within the Lufthansa Group. The GEC is a senior management level entity and consists of the Executive Board of Deutsche Lufthansa AG, the CEOs of the segment parent companies, the senior executives of the Network Airlines and the heads of the Group’s Strategy, Controlling and Communications departments. Individual managers are responsible for implementing concrete activities and projects. The GEC repeatedly addressed sustainability issues in the reporting year.

The Executive Board has been expanded by the position Customer & Corporate Responsibility since 1 January 2020. This will establish responsibility for environment, climate and society directly at the Executive Board level.

Materiality analysis forms basis for determining material aspects

Continuous dialogue with stakeholders delivers an important contribution to refining the sustainability strategy of the Lufthansa Group. The results of the wide-ranging stakeholder survey conducted in October 2018 were reviewed in November 2018 in accordance with Section 289c (3) HGB by the management and largely confirmed for the reporting year. The result of this materiality analysis again forms the basis for selecting the aspects and issues described in this combined non-financial declaration.

C28 ASPECTS, ISSUES AND PERFORMANCE INDICATORS

Environmental concerns	Customer concerns	Employee concerns	Fighting corruption and bribery	Respect for human rights	Social concerns ¹⁾
Climate protection CO ₂ emissions	Operational stability Departure punctuality	Attractiveness as an employer Engagement Index	Integral part of the Lufthansa Group Compliance Management System	Important part of the corporate culture – embedded in the Code of Conduct	Corporate citizenship help alliance gGmbH
Waste avoidance	Product and services Net Promoter Score	Transformation capacity			
Active noise abatement Percentage of aircraft that meet the 10dB criterion of ICAO Chapter 4		Health and safety at work Health Index			

Responsible production and sustainability in the supply chain:
 interdisciplinary topic, qualitative representation with its own chapter in the non-financial declaration

¹⁾ Immaterial as defined in Section 289c Paragraph 3 German Commercial Code (HGB), voluntary presentation at specific request of addressees.

According to the analysis, environmental concerns, customer concerns and employee concerns are particularly important for the business of the Lufthansa Group. Furthermore, the materiality analysis shows that the fight against corruption and bribery, respect for human rights and responsible production including a sustainable supply chain are of great relevance to the Lufthansa Group. Compared to the previous year's report, the topics of waste prevention and responsible production have both been included for the first time as interdisciplinary topics.

Value-based management is also an integral element of sustainable corporate governance for the Lufthansa Group. The concept and the associated performance indicators are described in detail in the chapter [➤ Financial strategy and value-based management, p. 20ff.](#)

Environmental concerns

Concepts

Climate protection and active noise abatement are cornerstones of the environmental strategy; waste prevention is another key area of action

Global aviation is a growth industry and for the foreseeable future, it will continue to require the use of fossil fuels and alternative liquid fuels with a corresponding energy density. The material environmental impacts of flight operations are therefore primarily climate effects due to the CO₂ emissions produced by burning kerosene and the noise caused by aircraft taking off and landing. In addition, waste is produced during every flight which must be prevented, reduced or recycled wherever possible.

For many years, the Lufthansa Group has taken steps to minimise the environmental impact of its business operations. This is consistent with its economic interests, since resource consumption and noise-related fees all represent costs for the Company.

The Lufthansa Group therefore has a strategic environmental programme that is applied in all areas of the Group – from operations and technical maintenance to purchasing, facility management and administration.

Its main fields of action are the reduction of emissions, active noise abatement, energy and resource management, investment in research and the successive establishment of environmental management systems.

The Lufthansa Technik group, which currently has 38 offices worldwide, decided to manage its sustainability activities within a uniform environmental management system back in 1999. The ISO 14001 certification is continually expanded to all new locations.

Current examples of this are the engine overhaul plants in Wrocław (XEOS) and Jasionka (EME Aero). Preparations began in 2020 for certification of XEOS and EME Aero. Lufthansa Technik is pursuing its strategy of developing sustainable maintenance processes in order to supply customers with efficient and sustainable products and repair processes. The aim is to reduce kerosene consumption during flights and thus deliver cost and carbon savings for airline customers. Examples of this include the development of innovative cleaning processes (Cyclean) and the application of coatings to make aircraft more aerodynamic (known as shark skin)

[➤ Climate protection, Technological progress, p. 83.](#) With the help of the Lufthansa Technik group's ambitious environmental goals, which were adopted by the Executive Board at the end of 2018, the locations will undergo further optimisation. For instance, the carbon footprint of the global production network is set to be reduced by another 25% by 2025 and the share of renewable energy sources increased to 50%. Resources will also be used more efficiently and the recycling ratio increased to 75%.

At the beginning of 2000, Lufthansa CityLine was the first Lufthansa Group company and the first airline in the world with an independently certified environmental management system. The Munich-based airline received the certification based on the demanding EMAS EU environmental standards for the twentieth consecutive time in the reporting year. The environmental management system of Lufthansa German Airlines in Munich is now also EMAS validated and ISO 14001 certified. The Lufthansa German Airlines location in Frankfurt began preparations for EMAS validation in 2020. Aspects of Lufthansa Group's flight operations relevant to the environment are already coordinated Group-wide by the Flight Operations department.

Lufthansa Cargo has also been certified according to the environmental management standard ISO 14001 since 2008 at its location in Frankfurt and worldwide since the end of 2015. The subsidiaries Jettainer and time:matters are now also included in the environmental management system. This demonstrates that the Lufthansa Group companies voluntarily undertake to work systematically to improve their own environmental performance and to document it credibly to external stakeholders.

Environmental activities are coordinated and managed

The Corporate Responsibility department, which reports to the Chairman of the Executive Board and CEO, was responsible for defining, coordinating and determining overarching objectives and measures for the Lufthansa Group regarding the environment in the reporting year. In addition, all larger subsidiaries have their own environmental departments, an environmental officer or a coordinator. The environmental officers and coordinators meet once a year for the Group Environmental Forum. This platform offers the environmental experts in the Lufthansa Group an opportunity to identify potential synergies and to discuss and evaluate new ideas, activities and projects concerned with environmental protection. New and planned legislation and its effects on the Lufthansa Group are also discussed.

The Lufthansa Group has been operating a central environmental database for several years in order to, among other things, collect and process information relevant to the environment, such as CO₂ emissions, and to be able employ this information in business decisions as relevant aspects.

CLIMATE PROTECTION

Targets

Lufthansa Group supports climate protection goals of the aviation sector

According to the International Energy Agency (IEA), air traffic currently accounts for around 2.95% of CO₂ emissions caused by burning fossil fuels, making them one of the industry's principal effects on the environment. Given that demand for mobility is predicted to keep growing, air traffic and so emissions will continue to increase in the future. The aviation sector has responded to this and in 2009 agreed on the following global targets:

1. Fuel efficiency (i.e. fuel consumption per revenue tonne-kilometre) is to be improved by 1.5% per year until 2020.
2. Growth in air traffic should be CO₂ neutral from 2020 onwards.
3. By 2050, air traffic's net CO₂ emissions are to decline by 50% compared with 2005.





The Lufthansa Group was highly involved in setting these targets and shares these industry goals. The steps that the Lufthansa Group has taken in this context and directly implemented in 2019 are described below. The Lufthansa Group also took part in various working groups at the International Air Transport Association (IATA), such as the Sustainability and Environmental Advisory Council and the Industry Affairs Council, and is represented on the Board of Governors. Carsten Spohr, Chairman of the Executive Board and CEO of Deutsche Lufthansa AG, was appointed Chairman of the Board of Governors of IATA in June 2019.

Measures

Four-pillar strategy defines climate protection measures

The targets mentioned above are to be met by combining various activities of different players, such as manufacturers, airports, air traffic control, airlines and policymakers. These targets were formulated as the four-pillar climate protection strategy for the air transport industry at the IATA General Meeting back in 2007. This strategy is also the basis for the Lufthansa Group's activities to improve fuel efficiency and reduce CO₂ emissions.

C29 THE FOUR PILLARS FOR ENVIRONMENTAL PROTECTION

			
Technological progress	Improved infrastructure	Operational measures	Economic measures
Innovation in aircraft and engine technology Alternative fuels	Better use of airspace Needs-based airport infrastructure	Efficient aircraft sizes Optimum flight routes and speeds Optimised processes on the ground	Global market-based system of emissions reduction (CORSIA) Voluntary compensation option

1. TECHNOLOGICAL PROGRESS

The most important driver for reducing CO₂ emissions from flight operations is investing continuously in modern, particularly fuel-efficient aircraft and engine technologies. In 2019, the airlines in the Lufthansa Group took delivery of 27 new aircraft. This number included five Airbus A320neos, five A321neos, four Boeing 777s and three A350s that emit up to 25% less emissions than comparable aircraft types.

By the end of 2027, the Lufthansa Group should receive another 190 new aircraft, which are characterised primarily by their low fuel consumption and noise emissions.

➤ **Fleet, p. 24f.**

The Lufthansa Group has also been involved in researching and using alternative fuels in air transport for many years. In February 2019, the Lufthansa Group signed a letter of intent for the refinery Heide pledging to accept environmentally friendly synthetic kerosene. In August 2019, the Lufthansa Group signed a declaration together with the state of Brandenburg and a number of leading companies and research institutes to support the PtX initiative in Lausitz aimed at producing industrial-standard sustainable fuels from renewable energy sources. The Lufthansa Group is still involved with the cross-sector Powerfuel initiative coordinated by the German Energy Agency (dena). It aims to launch and build an international alliance to develop the future strategic importance of synthetic renewable energy sources, to jointly advance a global market for these energy sources and to accelerate their market development. The Lufthansa Innovation Hub launched the offsetting platform “Compensaid” in August 2019. This is the first platform that allows travellers to replace fossil fuels with sustainable aviation fuel (SAF).

➤ **Climate protection/Economic measures, p. 84f.**

Measures to technically modify the existing fleet are also constantly examined and implemented where appropriate. In November 2019, Lufthansa Technik, in cooperation with BASF Coatings GmbH, began practical tests of functional films designed to decrease aircraft air resistance. This riblet

film (with microscopic ribbing – also called shark skin), is being tested by attaching it to the lower fuselage of a Boeing 747-400 from the Lufthansa fleet where the technology is now being verified during actual flight operations. Based on the standard deployment profile of this aircraft, the modification is expected to bring annual savings of more than 400 tonnes of fuel and therefore almost 1,300 tonnes of CO₂ emissions. If the flight tests confirm these figures, the riblet film will be applied to the entire Boeing 747-400 fleet as well as other aircraft types in 2020, and the film will be made available to other airlines by Lufthansa Technik.

2. IMPROVED INFRASTRUCTURE

A fundamental modernisation of the airspace structure and a standardisation of technologies, processes and standards is required in European airspace in order to make the most of the great potential to lower CO₂ emissions while simultaneously increasing reliability and punctuality for passengers. The German federal government has therefore announced it will use its EU Council Presidency in the second half of 2020 to bring about decisions regarding the necessary measures in the EU Council and Parliament.

As part of the first National Aviation Conference in Leipzig in August 2019, the federal government, trade unions and aviation industry confirmed in a joint declaration their intention to review the European regulation framework for the “Single European Sky” (SES).

A declaration signed by 21 European aviation sector organisations under the EU Commission in September 2019 to complete the joint Single European Sky initiative strengthened the above undertaking. In this declaration, European airline and airport associations, a consortium of European air traffic control organisations (CANSO) and the IATA spoke out for fast implementation of a modernised, seamless European airspace. The aim is to reduce fuel consumption and thereby sustainably lower CO₂ emissions, and to achieve significant improvements in aviation punctuality and reliability for passengers.

The Lufthansa Group was actively involved through the Airlines for Europe (A4E) association and Lufthansa representatives, and the Group expressly supports the efforts of the EU to create a reliable and efficient EU airspace.

An important milestone in the standardisation and modernisation of the EU airspace infrastructure is the European SESAR programme (Single European Sky ATM Research).

SESAR is to develop, test and implement Europe-wide new technologies, procedures and standards that contribute to harmonising and optimising European air traffic management. The Lufthansa Group has supported SESAR for many years with the clear expectation that measurable operational improvements in air traffic management are implemented. The implementation of these technologies in daily operations is jointly coordinated by the members of the industry consortia SESAR Deployment Manager (SDM). The Lufthansa Group is a member of these consortia and provides local experts.

Across Europe, the SDM currently coordinates 349 projects. The various airlines in the Lufthansa Group and Lufthansa Systems are also actively involved as IT providers for SESAR research and demonstration projects.

3. OPERATIONAL MEASURES

The Lufthansa Group's operational measures to protect the climate include the deployment of efficiently sized aircraft, improvements to load factors, testing and introduction of new flight procedures, as well as the determination of optimal flight routes and air speeds. In the SESAR demonstration "Augmented Approaches to Land-2" (AAL2) last year, navigation methods were optimised to achieve more efficient approaches with lower emissions. Then there are programmes to sustainably reduce weight and make greater use of flight operating data and software, as well as more efficient ground processes that contribute to reducing kerosene consumption.

A systemic approach is increasingly taken to realise further efficiency gains at the interfaces to system partners such as airports or air traffic control, which includes the system partners in the analysis and definition of activities.

In the SESAR large-scale demonstration "xStream" in 2019, the EMAS (Early Morning Arrival Stream) Frankfurt project from the previous year was continued. In cooperation with DFS Deutsche Flugsicherung GmbH, the concept "Target Times" for the arrival stream between 5:00 a.m. and 6:00 a.m. was developed and tested in a second two-week demonstration. The aim is to achieve an improvement in predictability and more efficient arrivals at Frankfurt Airport. In order to exploit the potential to improve operating efficiency, more in-depth analyses of the results, tactical approach procedures and process adjustments will have to be conducted together with DFS. This is scheduled to take place in 2020.

In financial year 2019, 21 fuel-saving projects were under way across the Group. These projects comprise activities relating to performance and procedures, weight reduction, flight route optimisation and technical developments. In addition to the reductions achieved in recent years, they made it possible to permanently avoid another 24.5 thousand tonnes of CO₂ emissions in the reporting year. The quantity of kerosene saved amounted to around 9.7 million litres – this is equivalent to approximately 91 return flights between Munich and New York with an Airbus A350-900 aircraft.

4. ECONOMIC MEASURES

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which was concluded with the International Civil Aviation Organization (ICAO) in October 2016, seeks to offset growth-related CO₂ emissions in international air traffic using climate protection projects from 2021 onwards. The Lufthansa Group will therefore have to pay carbon offsetting costs for the average increase in CO₂ emissions from international flights recorded by CORSIA from 2021.

The EU Emissions Trading Scheme for air traffic has managed and limited CO₂ emissions by way of certificate trading since 2012. All flights carried out by the Lufthansa Group within Europe are subject to this scheme. They emitted around 8.7 million tonnes of CO₂ in 2019, of which 63% is balanced out by the purchase of certificates. For further information on the provisions recognised in connection with the obligation to submit CO₂ emissions certificates to the competent authorities, we refer to [🔗 Notes to the consolidated financial statements, Note 34, p. 185ff.](#)

In large parts of its operations, the Lufthansa Group already offers a lot of its customers the opportunity to offset their carbon emissions on a voluntary basis. In cooperation with myclimate, customers can calculate the emissions of their flight with the airlines in the Lufthansa Group and offset them by making a donation to two climate projects chosen by Lufthansa. The range of voluntary carbon offsetting options was improved and expanded further in the reporting year.

The visibility and user-friendliness of carbon offsetting options at the Network Airlines was improved and integrated into the booking process at Edelweiss Air, for instance. Eurowings also offers passengers the option of offsetting the carbon emissions for their flight. Since August 2019, Miles & More customers have had the option to make a contribution to global carbon offsetting by donating miles to myclimate. With Lufthansa Innovation Hub's launch of the new offsetting platform "Compensaid" (www.compensaid.com) in the same month, the Lufthansa Group has given all passengers the ability to offset their individual carbon emissions through the purchase of sustainable aviation fuel (SAF), in addition to traditional carbon offsetting by supporting climate protection projects.

The Lufthansa Group conducted a test with corporate customers in the reporting year in order to evaluate the popularity of carbon offsetting among corporate customers. Some of them were given the option of also choosing carbon offsetting in the included optional services. Until now only other services such as exemption from rebooking fees, lounge and Wi-Fi vouchers, and additional luggage were available. The offer proved very popular and has been expanded to a significantly larger participant group in 2020.

The Lufthansa Group itself has been offsetting the carbon emissions of all employees' business flights around the world since 2019. This is part of a package of sustainability measures determined by the Executive Board of Deutsche Lufthansa AG in March 2019, as is the timely shift to renewable electricity and ensuring carbon-neutral mobility on the ground by 2030 at all Lufthansa Group locations in Germany, Austria and Switzerland.

A total of over 181,000 tonnes of CO₂ were offset in 2019 through these measures – almost 151,000 tonnes of these directly by the Lufthansa Group.

Performance indicator

Absolute CO₂ emissions climb 1.5%; specific CO₂ emissions on a par with previous year

Absolute CO₂ emissions of Lufthansa Group aircraft in 2019 amounted to 33.1 million tonnes (previous year: 32.6 million tonnes).

CO₂ emissions were offset by positive effects arising from the implementation of operational measures to reduce fuel consumption, as well as further efficiency improvements from the use of new aircraft types and higher average load factors for the aircraft. ↗ **T001, front cover**. Specific CO₂ emissions per cargo tonne-kilometre remained on a par with the previous year at 870 grammes (previous year: 873 grammes). Specific CO₂ emissions per passenger-kilometre were also on a par with the previous year at 92.2 grammes (previous year: 92.0 grammes). ↗ **Financial strategy and value-based management, p. 20ff.**

WASTE PREVENTION

Lufthansa Group supports environmental sustainability goals in product and service design

Both in the opinion of the Lufthansa Group and customers, plastic waste is a topic that increasingly requires attention. In addition, with the EU Directive 2019/904 coming into force in June 2019, the legal framework for the utilisation of single-use plastic and plastic packaging has been rewritten.

In order to sustainably reduce plastic waste on board, the Network Airlines have initiated the Smart Plastic Reduction project. This follows the waste hierarchy outlined in Directive 2008/98/EC: "Reduce – Reuse – Recycle – Replace". Due to airline-specific conditions, the relevant regulations for handling international catering waste must still be adhered to.

In addition, the Network Airlines have established a product management programme that will run for two years to improve the sustainability of Onboard & Lounge products.

Targets

Lufthansa Group supports a variety of initiatives to comprehensively reduce waste

The Network Airlines aim to achieve early conformity with the requirements of the EU Directive 2019/904 regarding the future ban on single-use plastics. This means doing away with or replacing 144 million single-use items (single-use plastic stirrers and single-use plastic cutlery) annually from 2020.

The Network Airlines are also pursuing the goal set out in the "European strategy for plastics in the circular economy" of exclusively using recyclable plastic packaging on in-flight products or completely avoiding packaging made of petroleum-based single-use plastics by 2030. This involves the reduction of another 226 million single-use plastic items per year. One example of how they will achieve this is the introduction of recyclable drinking cups in 2020 that can be recycled in a closed-loop system.

Eurowings also aims to sustainably reduce the volume of waste on board and to focus more on recycling aspects in the use of materials.

Measures

The Lufthansa Group pools measures to reduce plastic waste in Smart Plastic Reduction project

The measures of the Smart Plastic Reduction project cover a current annual volume of around 370 million individual items. The plan is to reduce these items by 2021 by including various players in the supply chain and service providers such as manufacturers, catering partners, cabin crew and waste-disposal companies. For example, over 50% of the plastic items used now on long-haul flights are to be reduced or replaced by more sustainable alternatives.

The first step is a comprehensive overview and record of all plastic items used for in-flight products at the Network Airlines. With detailed documentation of consumption, the ongoing monitoring of the individual measures listed below can take place:

1. REDUCE

Potential negative impacts on customer satisfaction must be considered when reducing existing product and service items.

Packaging that can be used for in-flight product logistics, for example during transport to the aircraft, and that is not visible to the customer was examined. Potential for reducing outer packaging was identified in this area.

Plastic packaging for individual items will also not be used in future wherever not essential for hygienic reasons.

Based on customer feedback, snacks and drinks included in the Eurowings ticket price were replaced with other services such as priority boarding, which also helps prevent plastic waste.

2. REUSE

Reusable products, particularly in mobile on-board equipment (e.g. reusable crockery/cutlery), are a firmly established element of product concepts. The potential for switching from single-use to reusable products is examined and the load is adjusted if necessary when considering available storage space on board, weight, service times during the flight and the number of items required. Lufthansa German Airlines and SWISS are increasingly using reusable metal cutlery in Economy Class on long-haul routes, for which there will be no plastic packaging in future.

Together with the catering partners, the option of reloading unused items (such as sugar sachets, unopened snacks, unused items from the amenity kits) is being investigated. Processes for reloading these items, while adhering to all hygiene regulations, are being established and expanded.

3. RECYCLE

Processes for increasing the use of recyclable products are being developed and implemented in collaboration with suppliers, caterers, cleaning and disposal services.

Since the beginning of 2019, Austrian Airlines has been using recyclable plastic cups that are recycled in a patented process that turns them back into synthetic crude oil. New cups made from recycled PET (rPET) will be used on board Lufthansa German Airlines and SWISS from 2020. This will affect around 160 million cups per year.

C30 MEASURES TO REDUCE PLASTIC WASTE

			
Reduce	Reuse	Recycle	Replace
Reduction of outer packaging for in-flight products 	Use of reusable items as in-flight equipment Reloading of unused items 	Use of recyclable cups from recycled PET Development of a recycling trolley 	Replacement of single-use plastic articles with more sustainable alternatives (e.g. bamboo cutlery) 

The increased stability of the cups means they can be used multiple times during a flight, which lowers total consumption. Passengers are informed that they can reuse the cups during on-board announcements.

Once the cups have been used, they are recycled in a closed-loop system, which means the rPET material is used to produce new rPET cups.

Work is also underway to develop a “recycling trolley” together with cabin crews, which will enable recyclable materials to be separated from waste and liquids.

A reduction of different materials used for drink packaging is also being examined in order to increase properly sorted recycling.

4. REPLACE

Plastic items that are essential to the Network Airlines' product and service concepts will be gradually replaced by ones made from renewable resources. Stirrers and single-use cutlery will in future be made of bamboo rather than plastic. Eurowings will also replace plastic cups on board with paper cups.

ACTIVE NOISE ABATEMENT

Targets

Aircraft noise to be reduced at source

The Lufthansa Group has numerous ongoing activities and measures intended to achieve a noticeable reduction in aircraft noise. The primary goal is to sustainably reduce noise at the source (measures 1 and 2) and to develop optimised flight procedures with system partners (measures 4 and 5).

Measures

Active noise abatement includes measures from five areas

Since 2001, the Lufthansa Group has played an active and continuous role in research projects (measure 3) and noise abatement activities organised by dialogue forums, such as the Noise Abatement Alliance in Frankfurt. Its members include the government of the state of Hesse, Fraport AG, Deutsche Lufthansa AG representing the Lufthansa Group, the Forum Airport and Region, German air traffic control and the airline association BARIG. Active noise abatement measures at the Lufthansa Group cover the following five areas:

1. INVESTMENTS IN MODERN AND THUS QUIETER AIRCRAFT

The best method of reducing aircraft noise at the source is the modernisation of the fleet. The Lufthansa Group modernises its fleet continuously. Alongside four used aircraft, 27 new aircraft went into service in 2019, including more Airbus A320neos, A321neos and A220s, which are powered by modern engines. The same applies to the Airbus A350-900, which is one of the most modern and environmentally friendly long-haul aircraft in the world and is much quieter than comparable aircraft types. A total of 31 older aircraft were removed from the Group fleet in exchange. ↗ [Fleet, p. 24f.](#)

2. RETROFITTING OF AIRCRAFT IN THE EXISTING FLEET



In addition to modernising the fleet, retrofitting existing aircraft also results in measurable noise reduction. At the beginning of 2014, Lufthansa German Airlines became the first airline worldwide to start operations with a new Airbus A320 equipped with noise-reducing vortex generators, thus setting an industry standard. Aircraft with vortex generators are up to four decibels quieter on approach and so the Company pays lower noise charges in Frankfurt than for comparable aircraft without these components. In the meantime, all aircraft in the A320 family at Lufthansa German Airlines and SWISS have now been retrofitted with vortex generators. At Austrian Airlines just five aircraft that were added last year need to be retrofitted, which is due to take place over the course of 2020. Retrofitting Eurowings A320 aircraft with vortex generators began in 2019 and is due to be completed in 2020. The modification will be carried out in the course of routine technical maintenance cycles.

3. PARTICIPATION IN NOISE RESEARCH

The Lufthansa Group has been involved in noise research for many years through projects such as EffFlug (increasing efficiency of flight operations), where the Group, together with experts from the German Aerospace Center, seeks out sources of noise that can be eliminated. In the past, measuring campaigns were performed just for this purpose. Now standard measurement data from the airports is used for the first time for examination for anomalies.

Since the autumn of 2019, the LNAS (Low Noise Augmentation System) developed by the German Aerospace Center has been tested by the Lufthansa Group in a broad study. The LNAS System uses aircraft data to determine recommendations for optimal configuration and speed. The aim is to examine whether approaches can be made more efficient and quieter within the given safety regulations. With the support of the Environmental and Neighbourhood House (UNH) in Kelsterbach as part of the Forum Airport and Region in Frankfurt (FFR), the Lufthansa Group has refitted 86 A320 aircraft and gained numerous pilots for voluntary testing.

C31 ACTIVE NOISE ABATEMENT

				
Investments in quieter aircraft	Noise-reducing technologies for the existing fleet	Participation in noise research	Optimisation of approach and departure procedures	Dialogue with residents near airports and other stakeholders
Introduction of the latest aircraft, such as the Airbus A320neo and A350-900 Retirement of older models	Retrofitting of noise-reducing vortex generators to the existing fleet	Continuous collaboration and exchange with partners from research and industry Development and analysis of new noise-reduction measures	Cooperation with system partners Development and testing of new methods Use of new navigation technology	Continuous exchange with residents, as in the Airport and Regional Forum (FFR) Active participation to aircraft noise commissions

This intensive research and development work forms the basis of successful active noise abatement and makes a major contribution to optimising the existing fleet.

The Lufthansa Group also works in some of the aircraft noise commissions (Fluglärmmmissionen) required in Germany by the Air Traffic Act (Luftverkehrsgesetz).

4. DEVELOPMENT OF OPTIMISED FLIGHT PROCEDURES IN COOPERATION WITH SYSTEM PARTNERS

Optimising flight procedures and flight routes also helps to reduce noise. The Lufthansa Group is active in many ways in this area, with international partners such as EUROCONTROL.
 ↗ Environmental concerns/Climate protection, p. 82ff.

5. DIALOGUE WITH RESIDENTS

In addition to technical and operating procedures, the Lufthansa Group also takes part in various dialogue forums with residents, including Frankfurt and Vienna. The focus of these activities is on optimising flight procedures.

Performance indicator

99.6% of the operational Group fleet meet standard for aircraft noise

Improvements in noise abatement from modernising the operational Group fleet can be seen in the number of aircraft that meet or exceed the ten decibel criterion set by the ICAO Chapter 4 standard. This standard defines noise limits and stipulates that all civil aircraft newly licensed after 2006 must cumulatively fulfil the older Chapter 3 noise limits by a margin of ten decibels or more. As of 26 October 2019 (end of the summer flight schedule) 99.6% of aircraft – virtually the Group’s entire operating fleet – fulfilled this criterion.

Customer concerns

Concepts

High customer satisfaction is a key success factor for the Lufthansa Group

A clear focus on customers, innovative products and services and a focus on quality are essential for a service provider like the Lufthansa Group. Flight safety always has top priority. In order to meet this elementary requirement, all airlines in the Lufthansa Group have a comprehensive safety management system (SMS). Every two years, independent experts audit the safety standards applied Group-wide in an IATA Operational Safety Audit (IOSA).

All the airlines in the Lufthansa Group endeavour to offer their passengers an individualized level of service at all times and to make all facets of flying a lasting and positive experience. This includes completing flights punctually and safely, as well as first-class products and services on the ground and in the air. Capital expenditure on a modern Group fleet, greater comfort on board, numerous innovative products – including in terms of sustainability – and digital services ensure that flying becomes more and more attractive for the customers of the Lufthansa Group. Regular surveys of passengers help to find out as much as possible about their needs and to include them in the development of innovative new products.

Allocating the Lufthansa Group airlines to the Network Airlines and Eurowings segments also represents a customer-centric, differentiated and transparent product and service strategy.

The awards received in the past financial year are the result of this quality strategy. Lufthansa German Airlines was awarded “Best Airline in Europe” by the market research institute Skytrax for the third consecutive time and also named “Best Airline in Western Europe”. Lufthansa German Airlines came in second with its first class service, Austrian Airlines won in the category Best Premium Economy Class Onboard Catering and SWISS received the award “The World’s Best First Class Lounge”. The awards are not decided by jury but based on the results of the world’s largest customer survey in the aviation industry. The market research institute Skytrax surveyed around 20 million passengers from over 160 countries. The renowned trade journal Air Transport World also named Lufthansa Airline of the Year. In addition, we received several other well-known awards such as the Red Dot Award, the Pax International Readership Award, and several awards from Onboard Hospitality and TravelPlus.

OPERATIONAL STABILITY

In the past financial year, the passengers of the Lufthansa Group were subject to some changes to flight timetables, flight cancellations and delays. The reasons for this included personnel shortages in European air traffic control and challenges relating to infrastructure at many airports leading to flight delays and cancellations. Due to comprehensive measures taken and capital expenditure in the reporting year, the departure punctuality of the Lufthansa Group airlines improved significantly compared to the previous year. This puts Eurowings, for example, among the most punctual airlines in Europe in comparison to its competitors.

Targets

Ensuring operational stability is a prerequisite for high customer satisfaction

The top priority for all Lufthansa Group airlines is safe, punctual and dependable flight operations. Since this cannot be guaranteed by the airlines in the Lufthansa Group alone work is underway on solutions for further improvements in operational stability with industry representatives and system partners.

Measures

Executive Board function Airline Resources & Operations Standards established

The addition of a new Executive Board function for Airline Resources & Operations Standards in January 2019 means key functions are being pooled at Executive Board level, thus creating the conditions for increasing the operational stability and quality of the Lufthansa Group airlines.

Numerous measures to secure operational stability

The Lufthansa Group has initiated programmes and projects at various levels to analyse airline-specific and Group-wide topics and develop and implement measures accordingly.

For example, the Lufthansa Group has increased the number of reserve aircraft further against previous year, added extra buffer time to flight timetables and improved ground processes further to improve operational stability. Furthermore, 600 new employees were recruited. The programme “Operational Excellence 2019” was also conducted in the reporting year under the lead of the Executive Board member for Airline Resources & Operations Standards, with the ambition of structural improvements for the operational stability of all Lufthansa Group airlines.

In addition, the network airlines have set up individual projects to optimise their operations at the respective hubs. They are based on an analysis of big data, which enabled specific causes of delays and flight cancellations to be found by combing millions of data points from recent years. Specific projects were initiated in response, such as adjusting the crew rostering process at Lufthansa German Airlines.

The flight operations of the network airlines are steered from their respective traffic centres in Frankfurt, Munich, Zurich and Vienna. Regular reports about the current situation and any unusual events are prepared here and provided to the management. In the monthly Operations Board meetings, the CEOs of the airlines discuss the results and activities along with the responsible heads of flight operations, ground operations and technical fleet management. Work also began in 2019 to establish an interdisciplinary performance dialogue for all Lufthansa Group airlines’ operations in order to establish and improve standardised processes and decisions.

Eurowings is also steered in this way by the traffic centre and has implemented a wide-ranging package of measures to increase the reliability and punctuality of its flight operations. They include a greater number of reserve aircraft, additional buffer time when turning aircraft around by increasing ground times and the separate planning of flight turnarounds within Germany. This will shield them from turnarounds in other European countries that are more likely to experience delays. The successive roll-over of older aircraft, detailed technical analyses and a corresponding increase in maintenance activities also contribute to improving operational stability.

Wide-ranging initiatives were launched with system partners

The airlines in the Lufthansa Group work closely with system partners, such as airport operators and the German air traffic control, to find solutions for further reducing existing bottlenecks, particularly involving staff at the security gates, ground services and air traffic control centres. As a result of the Hamburg Aviation Summit in October 2018, which was attended by the Lufthansa Group, representatives of the German aviation industry and policymakers, a wide range of measures were adopted to improve the reliability and quality of air traffic in Germany. Many of these measures led to a significant improvement in the punctuality and reliability of flights. The industry initiative "Airlines 4 Europe" pursues similar goals, in which the Lufthansa Group and other well-known European airlines campaign for better infrastructure at airports and the European air traffic control (EUROCONTROL). Numerous steps have already been taken with the airports and the German air traffic control, such as optimising control logic for air traffic in Germany.

Performance indicator

Departure punctuality significantly improved for the Lufthansa Group airlines

The main performance indicator for judging operational stability is the airlines' departure punctuality. Flights are defined as punctual if they are taxiing to the runway within a 15-minute time window after the planned departure time. This performance indicator is monitored continuously by the top management. In addition to daily reports from the hub control centres, operational performance is also discussed in the monthly Executive Board meetings.

Due to a variety of measures taken by the Group in 2019, the punctuality of the Lufthansa Group airlines has improved. On average over the year, the punctuality of the network airlines in the Lufthansa Group increased to 76% (previous year's value, adjusted due to the Group-wide standardisation of punctuality measurement: 71%). However, the target for

punctuality of 82% was not quite achieved because some measures to improve departure punctuality, such as the optimisation of the boarding process, were only introduced or became effective over the course of the reporting year.

PRODUCT AND SERVICES

Strict focus on the customer is vital for a service company like the Lufthansa Group. For this reason, all the products and services along the travel chain are continuously reviewed and new, innovative and sustainable in-flight and ground products and services are developed that put the customer at their core.

Digitalisation and sustainability aspects play an increasingly important role in better meeting differentiated customer needs. The travel experience for the customer should become even more convenient, especially through greater personalisation of the products and services along the entire travel chain.

The Lufthansa Group invests continuously in its employees and products in order to offer every customer the most suitable travel experience.

Targets

Raising customer satisfaction is an integral part of our strategy

Customer needs play a vital role for ensuring the long-term success of the Lufthansa Group. The Lufthansa Group therefore takes a systematic approach to a better understanding of customer needs. Their needs along the travel chain are identified by means of customer surveys. The results form the basis for strategic decisions.

Measures

New products and services continuously improve the travel experience

In the reporting year, the Lufthansa Group introduced new aircraft, products and services intended to further improve the travel experience. SWISS expanded its fleet to a total of twelve aircraft with another two Boeing 777-300ERs in the reporting year. By the end of the reporting year, another four Airbus A340-300 aircraft will be fitted with a new cabin product in all three travel classes. With the new B777-9X, Lufthansa German Airlines plans to introduce a completely new business class from 2021, featuring optimal sleeping comfort and more private space along with more individual seating options.

The Network Airlines are focusing on the strategic vision of “New Premium” to fulfil customer needs along the entire travel chain. In the reporting year, focus initiatives were continued for customer-centric process improvement in the event of flight irregularities and in baggage handling processes.

Eurowings is expanding its offers with new, modern and sustainable in-flight catering trends – in part together with innovative start-ups – and will offer faster broadband internet on more short- and medium-haul routes. From the beginning of the winter flight timetable, all Eurowings customers will also receive free access to the in-flight entertainment programme.

Employees at all levels made aware of customer satisfaction

Development and training courses for employees aiming on increasing customer satisfaction are continuously updated and expanded. The focus in the reporting year was on the “Future Travel Movie”, a movie which introduced employees to the future of flying from the point of view of the customer. The “Management in Practice” programme that encourages managers to work for one day in operational, customer-facing areas of the Lufthansa Group once a year was also continued. In competition with other traditional full-service airlines, on the one hand, and low-cost airlines, on the other hand, the Network Airlines must develop an understanding of premium that meets customer requirements and that enables them to differentiate themselves further. Various customer profiles were drawn up with the help of personas that represent the majority of passengers to clarify the structure of their requirements. Work continued in the financial year on training employees at the Network Airlines on customer-centric methods as part of the “New Premium” initiatives. In training courses and on the job, they learnt, for example, the main concepts for analysing, designing and sustainably improving customer experiences using the innovative method of Design Thinking. Along with the personas, this experience can be used in the future to develop products and services adapted to individual customer needs.

Customers are involved early

Customers are included in the early concept stages of design and development of products and services, such as new meal offers. In addition, customer panels are used in Frankfurt, Munich, Zurich and Geneva to help the airlines in the Lufthansa Group receive fast customer feedback to specific questions, to be able to understand customers’ expectations and needs faster and better and to meet the “New Premium” demands through active inclusion in product and service optimisations.

Through continual surveys on customer satisfaction, the airlines in the Lufthansa Group evaluate the acceptance of product enhancements as well as of new products and services.


Digitalisation and innovation support the development of new products and services

195 digitalisation and innovation initiatives were pursued by the Lufthansa Group in the reporting year in order to develop new products and services. In the next few years, the Lufthansa Group plans to make extensive investments in the development and enhancement of personalised and digital services at its airlines.

At the Lufthansa Innovation Hub, the Lufthansa Group drives the systematic use of the innovative online business model for the airlines in the Lufthansa Group and develops digital solutions along the travel chain for passengers and tour operators. The aim is to provide customers with intuitive services right where the customers want them.

This enabled numerous new services for customers to be implemented in the reporting year that digitally accompany the entire travel chain from check-in and digital luggage receipts to dynamic and situation-based information and service offers and biometric services. A text-based dialogue system (chatbot), another important digital service, was also implemented on Facebook Messenger in 2019. If customers wish to cancel a flight, they can rebook with just a few clicks, or if they have other questions, for example regarding luggage allowances or gate changes, the chatbot can be used. The chatbot was and still is being continually developed based on customer feedback, making it a digital travel companion for our customers.

In the reporting year, the Lufthansa Group established a close partnership with Google in order to better communicate with customers and meet their needs. Connecting the Lufthansa Group’s services such as online check-in to existing Google interfaces is also part of the partnership.

All customer-facing digital activities at Eurowings are pooled under one roof at Eurowings Digital GmbH, which was established in 2018. This will advance the development of innovative products and services for travellers, particularly in the form of software solutions and mobile applications. The focus is on refining the digital customer interface  [eurowings.com](https://www.eurowings.com) and turning it into a growing travel platform that acts as a digital travel companion, going beyond the flight to offer personalised services such as tailor-made hotel bookings, car rentals and tickets to events.

There are many self-service offers for Eurowings customers in the Eurowings app in case of flight irregularities, that enable them to make rebookings or receive rail vouchers. The aim here, too, is to improve individual travel experiences through constantly developing digital customer interfaces. In the past year, the Eurowings app was named most customer-friendly airline app by Focus Money.

Technically equipping the Lufthansa Group fleet with broadband internet was also continued in the reporting year; a total of 241 short- and medium-haul aircraft are now fitted with broadband internet.

Data protection and data security play an increasingly important role

The secure handling of data in accordance with data protection legislation forms the basis for a trust-based relationship with our customers and is an increasingly important success factor for the Lufthansa Group. The new EU General Data Protection Regulation came into effect in the EU on 25 May 2018 (EU GDPR). The Lufthansa Group has adapted its existing data protection management system to this harmonised European data protection legislation and has completed projects to implement it in the Group companies concerned.

The Group has established an organisational structure for data protection that is dedicated to ensuring compliance with the rights of data subjects and the duties of controllers. This entailed creating easily reachable points of contact, both internally and externally, and establishing processes to fulfil information requests by data subjects within the required period, for example. Current information about the processing of personal data is also provided on the Group companies' websites.

The increasing digitalisation of business processes in the Lufthansa Group also makes it more necessary to avert cyber-risks. The Corporate Legal, Compliance & Data Protection and Information Management LH Group departments are responsible for implementing data protection and IT security at Group level. This includes the development of appropriate concepts and measures such as email encryption, a cyber-crime awareness campaign and protection from criminal activity over the internet. The risk and security management systems and other selected measures are regularly reviewed by the internal audit function to ensure their effectiveness.

➤ **Opportunities and risk report, p. 65ff.**

Increasing demand for sustainable products and services

The Lufthansa Group is responding in various ways to customers' wishes for sustainability aspects to play a greater role in products and services.

The main focus for the Network Airlines is to reduce single-use plastic and plastic packaging on board. ➤ **Waste prevention/ Measures, p. 86f.**

More and more passengers are taking advantage of the opportunity to use plastic cups more than once during flights. Many passengers want eJournals instead of printed newspapers and magazines, and this offering has been well received. Eurowings offers passengers on short- and medium-haul flights the option of reducing plastic waste and supporting the construction of wells when they buy still water. This is possible thanks to the introduction of the first fully recycled PET water bottles from the brand Share, which will allow Eurowings to avoid an estimated six tonnes of new plastic per year.

Eurowings will also gradually expand its meal offers to contain more sustainable products.

Pooled responsibility for customer concerns ensures fast and effective implementation

Responsibility for products and services for all the Network Airlines in the Lufthansa Group is pooled centrally and reports are addressed to the Executive Board member for Commercial Passenger Airlines. This ensures effective, efficient implementation by using synergies and continuously improving products and services for customers.

Responsibility for the in-flight and ground products for all the airlines in the Eurowings group lies with the Customer Experience & Product department, which reports to the Commercial Director.

As of 1 January 2020, the Executive Board was expanded to include the function Customer & Corporate Responsibility, which is responsible for product management, the future catering liaison and marketing including the Miles & More customer loyalty programme for all Lufthansa Group passenger airlines, among other things.

Performance indicator

Customer satisfaction is at a high level

The Network Airlines in the Lufthansa Group track customer satisfaction continually using Passenger Satisfaction Tracking (PST) surveys and in-depth surveys to obtain information about the travel experience of their passengers that is as granular as possible. Customer satisfaction figures are made available to the responsible department and management on a monthly basis and used to derive measures to improve customer satisfaction, among other things.

Since 2018, Lufthansa German Airlines, SWISS and Austrian Airlines have harmonised their methods and processes for measuring customer satisfaction. Customer satisfaction data is tracked separately for different service aspects along the entire travel chain.

The main performance indicator for measuring satisfaction at the Network Airlines is the Net Promoter Score¹⁾ (NPS), for which responses from approximately 30,000 passengers are evaluated per month; the NPS is derived from willingness to recommend, which is asked in the PST survey.

In 2019, the NPS determined for the Network Airlines was 57, putting it above the target figure of 50, however, there were seasonal fluctuations over the course of the year, also due to changes in punctuality and passenger numbers. A comparable figure from the previous year is not available due to adjustments relating to the implementation of EU GDPR. The NPS

is included in calculations for the Executive Board's variable remuneration. ➔ **Remuneration report, p. 115ff.**

Eurowings also records an NPS and reports it together with other customer satisfaction results to the management and departments every month. Eurowings' NPS is also highly dependent on operational performance. Numerous measures this year led to an improvement, while stabilisation of operations led to improved customer satisfaction and a significant increase in the NPS. In 2019, the NPS was 40, putting it above the target of 34 and significantly higher than in the previous year (NPS in 2018: 31).

Employee concerns

Concepts

Around 88% of all airline employees in the Lufthansa Group have direct contact with customers, which means they are particularly important to the Lufthansa Group's success.

Focus on attractiveness as an employer

The Lufthansa Group's success depends greatly on the ideas, skills, enthusiasm and commitment of its employees. It is therefore particularly important to reinforce the commitment of its employees, to have a modern human resources strategy and to take steps to make Lufthansa even more attractive as an employer. The Lufthansa Group therefore places great importance on offering its employees an attractive working environment with transparent structures and processes in order to be able to meet future requirements and to help the Company innovate and put new ideas into practice.

Ability to transform requires continuous training of staff competencies

Continuous change in market conditions makes it necessary for employees to keep the knowledge and skills that they have learnt in their vocational training and career up to date. The Lufthansa Group has offered a wide range of digital and non-digital training opportunities for many years.

Employee health is a priority

As an operating company, and in light of constant changes, the health of our employees is particularly important to the Lufthansa Group's success. The Occupational Safety and Medical Services & Health Management departments, which report directly to the Executive Board member for Corporate Human Resources and Legal Affairs, are responsible for the health of employees.

Reorganisation of the Lufthansa Group moves forward

The process-based reorganisation of the Lufthansa Group, which pools responsibilities and streamlines hierarchies, was completed in the 2019 reporting year. Development is ongoing in order to ensure optimisation and adjustment to challenges that the Group is facing.

ATTRACTIVENESS AS AN EMPLOYER

Targets

The Lufthansa Group positions itself as an attractive long-term employer

The employees in the Lufthansa Group make a decisive contribution to customer satisfaction and thus to the success of the Company. Since many business areas are very staff-intensive and since demand for qualified staff is increasing, especially in the newly created roles, the Lufthansa Group aims to establish itself permanently as an attractive employer. This is especially relevant in light of the demographic changes in central Europe, which are resulting in more retirees and a lower number of school leavers.

¹⁾ The Net Promoter Score is a registered service mark of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Measures

The Lufthansa Group ensures its attractiveness as an employer with a variety of measures

A number of steps have been taken to further increase staff satisfaction and so to increase the Lufthansa Group's attractiveness as an employer. With a total of 179 nationalities in its global workforce, the Lufthansa Group has represented the core principle of diversity for a long time. This results in different expectations from employees that the Lufthansa Group meets with individual measures adapted to the employees' different situations. ➔ **Employees, p. 26f.**

Developing flexible working and employment conditions for employees and managers

The Lufthansa Group has supported employees for many years with flexible working time models. For example, there are remote working options for many groups of administrative employees, and managers are obliged to support employees in making use of these offers.

There are also part-time and shared leadership models for managers. This means that this group of employees has the opportunity to share a management position with another manager who also works part time.

In addition, managers and non-payscale employees can take sabbaticals.

Retaining and training talented individuals, promoting diversity

To ensure that all employees have the opportunity to shape their career within the Group in line with their individual talent and interests, there is a standard process for potential identification for most of the administrative staff. Regular, standardised processes for feedback and to discover potential have also been established for non-administrative positions.

In addition, newly developed programmes help to identify and highlight employees with special potential. The programme includes unconventional methods such as self-nomination and voting on an internal online platform.

Employees with special potential can be retained by the Lufthansa Group by allowing them to transfer to different positions, both at the same level or through promotion. Transfers are possible not just within one company but between different Lufthansa Group companies. The complete transparency on open positions ensured at the Lufthansa Group supports employees significantly in this regard.

It is vital for vertical development that there are enough management positions for talented individuals to work towards. One contribution towards achieving this is the rotation policy, which calls for management positions to be newly appointed after five years as a rule. Due to one-off structural measures in 2018 and 2019, the fluctuations rate was 9% in both years; the target average fluctuation rate for 2020 is 7%. The aim is to fill all lower management positions with talented individuals from within the Group. The Lufthansa Group achieved these targets in the 2019 reporting year.

In order to increase diversity within the Lufthansa Group further, we are focusing on promoting female junior employees with the goal of achieving a balance between men and women at executive management level. Initiatives were also launched to bring international talent currently working at the Lufthansa Group's locations outside of Europe to our European home markets (major Lufthansa Group head offices) to raise international diversity.

Visibility of employer branding raised through various channels

The Lufthansa Group employer branding was fundamentally overhauled back in 2018 with uniform communications on its own website and also through various social media channels. This has increased employer brand visibility significantly. In 2019 the focus was on penetrating the market further in various channels.

Internships also help to strengthen the employer brand and there are programmes in place to retain interns once they have completed their internship with the Lufthansa Group.

Personnel shortages prevented with active sourcing

In addition to focusing on employer branding, the Lufthansa Group practises an active sourcing approach for certain professional groups and addresses potential candidates directly, especially through career development networks, to avoid personnel shortages. An intra-Group active sourcing process supplemented this measure in 2019 in order to better identify suitable internal candidates for positions experiencing shortages.

Performance indicator

Engagement Index creates transparency regarding attractiveness as an employer

The Engagement Index also provides information about the Company's attractiveness as an employer. This has been tracked by the voluntary annual employee survey, "involve me!" since 2015, and enables a comparison with employers in many different sectors. It measures the extent to which employees identify with the Company, as well as their commitment and willingness to recommend the Company to others. With the exception of the LSG group and Brussels Airlines, all major Group companies were included in the reporting year. The results are measured on a scale from 1 (best) to 5 (worst).

An Engagement Index of 2.2 was recorded for the reporting period. As in the previous year, this means the target for 2020 was reached prematurely. The index is now once more on a par with similar companies in Germany. While the staff survey in the previous year only asked a reduced number of questions, a comprehensive staff survey was conducted again in 2019. This alternation between comprehensive and shorter surveys corresponds to past practice.

The results of the employee survey are submitted to the Supervisory Board and the Executive Board and have an impact on the Executive Board's variable remuneration. The results are also communicated at management level and within individual teams in order to identify and implement corresponding measures. Employees were able to view the results for their department online for the first time in the reporting year. This serves to increase transparency and promote feedback and dialogue.

Measures derived from the results of the "involve me!" survey are made available to managers to compare best practices.

A pilot project in the form of quarterly representative spot surveys was launched in 2019 in order to gain insight into Engagement Index developments during the year. The results will be used as a trend barometer to allow the Group to react quickly to changes in the Engagement Index.

Employer ranking reflects Lufthansa Group companies' attractiveness for potential applicants

The ranking of German employers is done through a representative survey of more than 200 companies carried out by the renowned market research institute YouGov. The Lufthansa Group aims to always be among the five most popular employers in Germany. In 2019, Deutsche Lufthansa came in third on average in the home markets (previous year: second place); Austrian Airlines and SWISS (data collected during the year) each came in second (previous year: data not collected).

TRANSFORMATION CAPABILITY

Targets

Continuous change requires the capacity for transformation from employees and the Company

A market that is volatile and undergoes permanent and ever faster changes requires continuous adjustments from companies. This in turn means that the employees must be given the corresponding competencies and must always be willing and able to transform themselves. Initiatives aimed at achieving this are managed by the relevant process owners and by process domain owners at the next level, and are closely coordinated with the Executive Board member for Human Resources and Legal Affairs and the HR Strategy department. A separate process domain owner is responsible for cultural aspects of the transformation and learning management for administrative staff. This domain owner reports directly to the Executive Board member for Corporate Human Resources and Legal Affairs and is in charge of a department of several process owners.

Measures

Professional training established as routine process

Well-qualified, committed employees are indispensable for the sustainable success of the Lufthansa Group. Because it is not possible to simply draw on knowledge acquired at one point in time to sustain an entire career, employees have to expand their knowledge and abilities continuously and keep them up to date at all times. Apart from regular training courses, especially in safety-related areas, a committee consisting of HR staff from the top management of large Group companies meets regularly to discuss in a structured process the effects of the current transformation on the competence profiles required of existing employee groups.

In this context, a process was established in 2019 that is intended to enable administrative staff in particular to analyse the future viability of their own competencies and compare them with current and future requirements of their role. All Lufthansa Group employees have access to more than 17,000 innovative learning offers from LinkedIn Learning via an in-house learning platform that supplements the existing training offers.

The Lufthansa Group CAMPUS is also open to all employees and offers various strategic measures for cultural and organisational development. Qualification courses for managers and top management support a modern corporate culture of collaboration and assist with team development and organisational change.

New “Service Management Professional” role established

For Lufthansa cabin crew, a new “Service Management Professional” role was introduced and recognised by the German Chamber of Commerce as advanced further training. Employees can gain this qualification in addition to the standard flight attendant training in order to qualify themselves for other service careers. Around 500 employees earned this qualification in 2019 and approximately another 1,000 are currently in training.

Developing working environments

Mobility and flexibility will be the main building blocks of future working environments. A cloud-based office software was successfully rolled out for 45,000 Lufthansa Group administrative staff in 2019. All Lufthansa Group areas can now collaborate transparently and efficiently through training courses customised for each department. This covers working securely over mobile end devices which have been largely replaced with newer models. Operational staff with access to workstations with computers are also benefiting from this new software.

All Lufthansa Group employees are offered modern information and collaboration formats that focus on efficient and networked work internationally and spanning all hierarchical levels and which empower individual end users.

Detailed survey provides comprehensive information about capacity for transformation

Since the 2019 reporting year, the Lufthansa Group’s general and digital transformation abilities can be determined by looking at several questions on the comprehensive employee survey “involve me!”, which is conducted every two years.

The results allow management to identify specific fields of action and initiate specific measures to secure the Lufthansa Group’s capacity for transformation and prepare staff for relevant changes.

The results show that the intrinsic motivation of Lufthansa Group employees to constantly learn is above the average level. This gives us a solid foundation for advancing our capacity for transformation.

The results are submitted to the Executive Board member responsible for Human Resources and Legal Affairs.

HEALTH AND SAFETY AT WORK

Occupational health and safety has been a core action area at the Lufthansa Group for several decades; it is managed jointly by the Occupational Safety and Medical Services & Health Management departments. These areas report directly and regularly on current developments to the Executive Board member responsible for the Corporate Human Resources and Legal Affairs function.

Targets**Employee health and preventing work accidents are a top priority**

The core responsibility of Medical Services & Health Management is to maintain and improve the health and working capacity of the Lufthansa Group’s employees and so to safeguard its business activities and reliable flight operations. Occupational health and safety also has the goal of preventing accidents at work and, if they should still occur, of drawing the necessary conclusions from accidents to prevent them, as far as possible, from happening again.

Health management to be further developed across the Group

After three years, the programme Health Management@LH Group was devolved to line management in 2019 in order to develop health management further throughout the Group. It aims to maintain the long-term health and productivity of both managers and employees as well as to encourage them to take responsibility for their own well-being.

Measures**Medical Services managed as holistic centres of excellence**

The Medical Services at Lufthansa German Airlines, SWISS and Austrian Airlines are permanent holistic centres of excellence, offering the full range of services for aviation and occupational medicine, vaccinations and travel medicine, outpatient care, a comprehensive social and medical advisory service and other preventive and healthcare treatments. Along with occupational health and aviation medical qualifications, a lot of doctors also have specialist qualifications (ENT, ophthalmology, cardiology, neurology, psychiatry, etc.). Monthly case history discussions are held among the physicians in order to make the most of these specialist qualifications.

The range of medical offers is supplemented by the optimisation of socio-medical counselling for occupational reintegration management processes with employer and employee representation to contribute to the positive reintegration of employees with health-related restrictions.

Beyond individual treatments, the Medical Services provide advice to decision-makers, committees and employee representatives concerning all issues of occupational health and safety.

Psychological and psychosocial factors have an important influence on health, safety and productivity at work. Thus, for more than thirty years, the Lufthansa Group has offered confidential individual advice to employees, teams and organisational units, referring individuals to other services or for other treatment as well as providing various psychosocial advisory services.

Preventive measures taken to safeguard occupational health and safety

The occupational safety function has existed for many years; it consistently implements preventive measures to avoid accidents, health risks and occupational illnesses. By means of risk assessments and regular safety inspections, the Group's occupational safety experts review all professional activities in the Group companies in Germany.

A central steering body for all issues concerning health and safety in the Lufthansa Group is the Occupational Safety Committee (OSC), which meets regularly and monitors the implementation of all aspects of health and safety across the Group. The minimum standards that have since been adopted are now binding throughout the entire Lufthansa Group.

Awareness among managers of their responsibility for occupational safety was strengthened with specific guidelines that managers must deal with directly when they are appointed to their position. This is checked in an automatic process.

The Group health and safety function also initiated a company-wide international survey to gradually improve the transparency of occupational health and safety in the entire Lufthansa Group. This survey will be evaluated and action fields derived from the results in 2020. This will be fed back to the individual companies through their occupational safety coordinators.

Health management helps to deal with health challenges

The aim of the Lufthansa Group's health management is to bring about conditions conducive to health, to sustainably influence corporate culture and to support and encourage employees and managers to adopt healthy lifestyles.

Health officers in the individual Group companies identify needs specific to target groups and implement health promotion offers. A central digital platform with internal and external health offers has been available to employees and managers since January 2019. Group-wide interventions and the strategic development of health management are headed by Lufthansa Group Health Management.

Based on the "involve me!" employee survey, a portfolio of measures was also put together for managers in 2019 that allows them to choose training courses and other measures for themselves and their employees.

Performance indicator

Health Index, a key performance indicator for employee health, remains stable

In the reporting year the Health Index was again tracked through the "involve me!" employees survey. The figure remained on a par with the previous year at 2.3. The results are measured on a scale from 1 (best) to 5 (worst). With the exception of the LSG group and Brussels Airlines, all major Group companies were included in the reporting year.

The Health Index has enabled us to find a correlation between other topics also covered in the survey (related generally to work) and employee health. The Health Index and those identified topics are summarised in a health report and reported as "Factors for a healthy working culture". Lufthansa Group Health Management uses this to derive need-based interventions, thereby supporting managers and health officers of the individual companies to best care for their employees' health.

The health report (Health Index and other influencing factors) is communicated to the entire workforce. Managers and health officers receive separate health reporting for their areas of responsibility with advice on possible follow-up measures and tips.

We plan to modify the Health Index questions in the "involve me!" employee survey from 2020 in order to better differentiate between the topics of leadership and health.

Fighting corruption and bribery

Concepts

Fighting corruption and bribery is an integral part of the Compliance Management System

The Lufthansa Group endeavours to manage the Company effectively, as required by the principles of good corporate governance. In particular, the employees' integrity is a prerequisite for the Company's sustainable success.

Its global operations mean that the Lufthansa Group is obliged to comply with national anti-corruption legislation around the world, in some cases with extraterritorially applicable anti-corruption laws. Infringements may not only result in criminal and civil penalties for the individuals and Lufthansa Group companies involved, but may also result in significant reputational damage. Fighting corruption and preventing bribery is therefore material to the Lufthansa Group's business operations and an integral part of its value system, which is laid out in the Code of Conduct. 📄 <https://investor-relations.lufthansagroup.com/en/corporate-governance/compliance/code-of-conduct.html>.

The Group has introduced a central compliance management system in order to protect employees and companies of the Lufthansa Group against breaking the law and the consequences of breaking the law and to apply statutory regulations correctly. Pursuant to IDW PS 980 (audit standards for compliance management systems), it primarily focusses on the following areas: compliance culture, compliance targets, identification of compliance risks, compliance programme, compliance organisation, compliance communication and compliance monitoring. The compliance management system is continually developed and optimised, taking into consideration the specific risks relevant to the Lufthansa Group's business, and we are increasingly looking at application possibilities for system-based and digital support solutions. It is made up of the following elements: Competition, Capital Markets, Integrity (Anti-Corruption), and Embargo and Corporate Compliance. 📄 **Corporate Governance report, p. 113ff.**

The Group-wide implementation, development and communication of the Lufthansa Group Compliance Management System is the responsibility of the Corporate Compliance Office, which is part of the central Legal department. The head of the Legal department and Chief Compliance Officer reports directly to the Executive Board member for Corporate Human

Resources and Legal Affairs and presents two Compliance Reports per year to the Executive Board and Supervisory Board. The Corporate Compliance Office is supported by a worldwide network of compliance managers at the Group companies. The Compliance Management System is monitored during audits that are regularly performed by the internal audit function to examine suitability and efficiency.

Targets

Compliance Management System aims to prevent unlawful conduct

The aim of the Compliance Management System is to ensure lawful conduct throughout the Group and so to avoid unlawful conduct that, in addition to reputational and financial risks, may also have personal consequences regarding criminal and labour law. 📄 **Opportunities and risk report, p. 65ff.**

Measures

Anti-corruption training raises awareness

All managers and employees from relevant areas or in relevant functions undergo mandatory IT-based anti-corruption training every two years to raise awareness of potential risks.

Ombudsman system enables confidential handling of suspicious incidents

The Lufthansa Group set up an ombudsman system in 2008 to enable information to be provided confidentially about suspected criminal offences, particularly potential breaches of anti-corruption legislation and regulations. An external, independent lawyer who is not an employee of the Lufthansa Group acts as the ombudsman. Whistle-blowers can provide information to the ombudsman by phone, in writing or in person. 📄 <https://investor-relations.lufthansagroup.com/en/corporate-governance/compliance/ombudssystem.html>.

Risk-based business partner due diligence aims to ensure integrity of suppliers and service providers

A risk-based business partner due diligence process is intended to ensure the integrity of suppliers and service providers. During this process, compliance screenings are conducted by the responsible employees in order to identify at an early stage any compliance risks that could arise from

cooperation with external business partners. Depending on the result, various measures, including and up to not entering into a business relationship or terminating a business relationship, proposed jointly by the Corporate Compliance Office and Corporate Security may be necessary for dealings with the business partner.

All Group companies worldwide are assessed for corruption risks

All Group companies have been assessed for corruption and antitrust risks during a compliance risk assessment. The measures derived from the results of the risk assessment to prevent the risks identified from occurring were collected centrally and implemented in the individual Group companies.

Respect for human rights

Concepts

Respect for human rights is embodied in the Code of Conduct

As a company that acts with integrity and responsibility, respect for human rights is self-evident for the Lufthansa Group. As a participant of the UN Global Compact, the Lufthansa Group attaches great importance to conducting its business in line with internationally acknowledged principles and commitments and embedded respect for human rights as an integral element of its corporate culture. This is also reflected in working conditions, the freedom of association and assembly, rules to ensure gender equality and the inclusion of minorities as a matter of course.

The Code of Conduct stipulates that the Group always acts in compliance with human rights, the principles of the UN Global Compact and acknowledged international labour and social standards. <https://investor-relations.lufthansa-group.com/en/corporate-governance/compliance/code-of-conduct.html>.

In its fundamental values and guidelines, the Lufthansa Group expresses its commitment to the principles of the following internationally recognised standards:

- United Nations’ Universal Declaration of Human Rights
- Fundamental principles and core work standards of the International Labor Organization (ILO)
- Ten principles of the UN Global Compact
- UN’s guiding principles regarding business and human rights
- National Action Plan for Business and Human Rights (NAP)
- OECD Guidelines for Multinational Enterprises
- Sustainable Development Goals (SDGs)
- IATA Resolution against Trafficking in Persons

C32 CORE ELEMENTS OF THE GERMAN NATION ACTION PLAN FOR BUSINESS AND HUMAN RIGHTS



Targets

Respect for human rights is the overarching goal

The overarching goal is to avoid human rights breaches in the Company and the supply chain by means of organisational and process-based measures. The Code of Conduct is binding for all bodies, managers and employees of the Lufthansa Group. With regard to protecting human rights, the Lufthansa Group is guided by the recommendations of the National Action Plan for Business and Human Rights (NAP) adopted by the federal government in late 2016. With regard to corporate respect for human rights, the Federal Government expects all enterprises to comply with human rights due diligence and to respect human rights along their supply and value chains. The National Action Plan describes five core elements of due diligence in the field of human rights. These core elements comprise a policy statement, procedure for identifying actual or potential adverse impacts on human rights, measures and effectiveness audits, reporting and a grievance mechanism. All the measures listed below can be attributed to one of these core elements.

The Group's procurement policy and Supplier Code of Conduct **➤ Responsible production and sustainability in the supply chain, p. 102f.**, state that the Lufthansa Group expects its suppliers to respect human rights. Supplier contracts should contain obligations and provisions for terminating the contract if they are breached.

Measures

Human rights working group acts as a point of contact and influencer

The human rights working group's regular meetings serve to communicate information and develop a uniform, Group-wide position and strategy. In the future, the development of a structured media monitoring process is planned. In addition, selected contacts advise, support and follow up on the topic at the main companies in the Lufthansa Group.

International reporting obligations are also dealt with by the working group. The Lufthansa Group will publish a mandatory declaration for the financial year 2019 as required by the UK Modern Slavery Act 2015 and Commonwealth Modern Slavery Act 2018 (Australia).

Management approach to human trafficking developed

As a signatory to the IATA Resolution against Trafficking in Persons, ensuring an environment that is free from modern slavery and human trafficking is a matter of course for the Lufthansa Group, however, the legal prosecution of human trafficking is the responsibility of governments and national law enforcement agencies. Nevertheless, the Lufthansa Group is aware of the importance of this topic and recognises that as an aviation company it can play a significant role in identifying potential criminal offences. It has therefore implemented a reporting process for flagging suspected cases of human trafficking.

In accordance with IATA recommendations, the Lufthansa Group has integrated the topic into regular pilot and flight attendant training. These employee groups are made particularly aware of potential signs of human rights violations.

Steering and developing the management approach is the responsibility of the Anti-Human Trafficking Task Force, established in 2018, and coordinated by the Corporate Strategy department in which all Group companies and relevant Group Functions are represented.

Targeted group-specific awareness campaigns for managers and employees

Based on an analysis carried out by Verisk Maplecroft, an advisory company, an overview was drawn up of all Group companies operating in countries, where the risk of human rights abuses is particularly high. The country overview is regularly updated. Managers and Human Resources departments at Group companies in these countries should be made aware of their duty of care to avoid human rights abuses. Since 2018, a specific annex has been successively added to the employment contracts with these managers.

In addition, awareness is heightened by means of focused intranet communications to all the employees in the Group. This includes a statement by the Executive Board member for Corporate Human Resources and Legal Affairs emphasising the responsibility of the Lufthansa Group as a global company to respect human rights. The National Action Plan and human trafficking content was added to this information in the reporting year. Further information on this topic is available to all employees.

Processes for reporting human rights violations implemented

The companies are obliged to identify human rights risks and the type and number of suspicious incidents. Individual complaints can also be made by third parties to the external ombudsman – confidentially if so desired. <https://investor-relations.lufthansagroup.com/en/corporate-governance/compliance/ombudssystem.html>.

Employees of the Lufthansa Group can also report to their manager, Human Resources management or the employee representative. A works agreement with regard to grievance procedures is already in place for all employees in Germany. It is already used for many different kinds of complaints and is also used for complaints regarding human rights violations.

“Zero tolerance” for cases of sexual harassment

Respect for one another is particularly important to the Lufthansa Group. This includes ensuring a working environment for all employees that is free of discrimination, harassment and unequal treatment. The Lufthansa Group expects that this principle is reflected globally in the conduct of all employees towards one another. The extensive communication campaign conducted in 2018 that made use of various internal and external communication channels to raise awareness was flanked by a mandatory web-based training course for managers on the German General Act on Equal Treatment that addresses sexual harassment in the workplace. The diverse range of support for employees were affected by sexual harassment has continued.

Social concerns

Concepts

Lufthansa Group expands its social commitment

As an international aviation company, social commitment is an important topic for the Lufthansa Group. Since 2016 the Company has been increasingly focusing on the Sustainable Development Goals (SDGs) 4 (Quality Education) and 8 (Decent Work and Economic Growth).

The focus of the activities is on social and humanitarian projects around the world, pooled and managed by the help alliance, the Lufthansa Group's aid organisation. The help alliance is a non-profit entity (gGmbH) held by the Lufthansa Group and based in Frankfurt/Main. 🌐 www.helpalliance.org

Its importance is emphasised by the fact that the company reports to the Chairman of the Executive Board and CEO.

The Lufthansa Group significantly expanded its social commitment in Germany in 2019 with four new collaborative projects under the motto "Giving young people a good start in life". All new initiatives include a focus on education, work and income and are designed and managed by the help alliance. In Frankfurt, for instance, the help alliance is promoting a job-buddy programme that helps refugees to enter the working world. The expansion of its commitment to what is now a total of six social projects in Germany is part of a comprehensive package of measures in the areas of environment and society that the Lufthansa Group drew up in March 2019. Lufthansa Group employees can become involved with help alliance projects on a volunteer basis. In the future, the Lufthansa Group hopes to promote its workforce's involvement in charities through corporate volunteering opportunities in social projects during working hours.

The Lufthansa Group also established help alliance Americas as a subsidiary of its non-profit aid organisation in May 2019. Following in the footsteps of the parent company, help alliance Americas supports disadvantaged people in North and South America.

Targets

A contribution to sustainable social development

The aim of the Group's charitable activities and projects is to make a contribution to the sustainable development of society that reflects the importance and size of the Lufthansa Group and is transparent, credible and verifiable all at the same time.

Measures

help alliance focuses on social and humanitarian projects

The help alliance acts as a catalyst for greater social commitment, combining proven projects initiated by employees with the power and network of the Lufthansa Group.

Focusing on social and humanitarian projects in the fields of quality education (SDG 4) and decent work and economic growth (SDG 8) allows the available funds to be used more efficiently and purposefully. In 2019, the help alliance was responsible for 43 aid projects with a total project volume of EUR 2.8m. 81% of the donations were used for educational projects. Approximately 23,500 disadvantaged people around the world received help through these projects. Two of the focal points of this work were new collaborative projects in Germany and help alliance Americas. In Hollywood, Florida, the organisation's first project involved supporting the Broward Outreach Center. The center provides counselling offers and free meals for homeless people and allows them to experience a more independent lifestyle.

Permanent monitoring and regular evaluation of the projects using a fixed catalogue of criteria ensure that the sponsored projects and programmes improve the living conditions of disadvantaged people sustainably and effectively and that the funding is used efficiently.

In addition, the Group has for many years provided fast and professional emergency aid in the event of humanitarian crises and disasters by means of relief flights. Lufthansa Cargo cooperates with well-known aid organisations to provide quick, straightforward assistance in the logistics of initial relief.

Other donations used exclusively for aid projects

In 2019, the Lufthansa Group covered all of the costs of administration fundraising, communication and collaborative projects at help alliance gGmbH in Germany. This ensures that 100% of all other donations are used to fund aid projects. This also applies to voluntary donations made via salary deduction by employees of the Lufthansa Group.

Responsible production and sustainability in the supply chain

Concepts

Responsible production and sustainability in the supply chain firmly established in the Company

In the opinion of the Lufthansa Group, responsible production is a prerequisite for offering sustainable products. This means that, in addition to economic aspects, impacts on environment and society are increasingly taken into consideration during production processes and business activities.

For example, an increasing number of Lufthansa Group companies and locations now have EMAS- or ISO-certified environmental management systems in place with the aim of continually reducing the impact on the environment from production and products.

This includes the target of achieving carbon neutral production on the ground at locations in Germany, Switzerland and Austria by 2030 as well as, for instance, reducing single-use plastic items and expanding the range of sustainably produced food offered on board.

It is also a matter of course for Lufthansa Group companies that the working conditions for their employees at least meet the statutory requirements – in many cases these minimum requirements are actually exceeded by operating regulations.

Lufthansa Technik, for example, has an integrated management manual that outlines the operating requirements for flight safety, quality, environmental protection and occupational safety in production.

Taking sustainability aspects into account, including in the supply chain, is an important element of responsible production.

To meet the standards the Lufthansa Group sets for the sustainability of its own production and products, the Lufthansa Group also relies on close collaboration with suppliers who share and implement these standards wherever possible. This also forms part of the Lufthansa Group's Code of Conduct.

<https://investor-relations.lufthansagroup.com/en/corporate-governance/compliance/code-of-conduct.html>

Since October 2017, the purchasing units in the Lufthansa Group have been organised within a single reporting line under the Chief Financial Officer. They inform the Executive Board about current developments on a regular basis. In some cases, the purchasing units are centralised, especially

for airline-specific actions such as purchasing aircraft or kerosene, and in others, they are decentralised throughout the Group companies (for specific products). Reporting lines are based on responsibilities for different product groups and Group companies. Defining product groups optimises the purchasing function in the procurement markets. Reporting on the basis of Group companies ensures security of the supply.

Building and expanding a sustainable supply chain is of strategic importance to the Lufthansa Group

The process-based matrix organisation makes it easier to establish sustainability standards because standardised processes and IT systems are increasingly used. Defining responsibilities within the Group also ensures efficient collaboration. The goal is also to improve the enforcement of sustainability standards.

Targets

The Lufthansa Group expects suppliers to adhere to guidelines

The Lufthansa Group demands of its suppliers that they fully comply with current law, guidelines and regulations concerning fair competition, integrity and responsible practices.

Measures

The Group procurement policy includes the obligation to assume social and ecological responsibility

The obligation to assume social and ecological responsibility is a key element of the procurement policy. It is to be understood as an overriding specification for all procurement units at the Group companies. In addition, it serves as a handbook for buyers and all employees with contacts in the procurement markets. Among other considerations, it requires that these obligations be included in contracts with suppliers:

- to comply with the ten principles of the UN Global Compact,
- to comply with the four basic principles of the International Labour Organisation (ILO),
- to consent to announced and unannounced audits by companies of the Lufthansa Group,
- to accept the termination of the contract in the event that these contractual obligations are breached.

By imposing these obligations, the Lufthansa Group endeavours to ensure responsible practices by its direct suppliers and so to meet its own standards for corporate responsibility.

The Lufthansa Group's expectations on its suppliers in terms of social and ecological responsibility were summarised and published in the Supplier Code of Conduct in the reporting year. www.lufthansagroup.com/en/suppliers.html.

To identify the type and level of supplier risks, the procurement units responsible for product groups carried out a risk assessment for the suppliers. The outcome is included in the result of Group risk management.

In addition, risk analyses based on expenditure and country were also performed for all direct suppliers. Suppliers in extreme risk countries were identified based on Verisk Maplecroft in order to develop plans for measures that can be taken.

The Lufthansa Group's sustainability commitments are confirmed by EcoVadis

In order to demonstrate its sustainability and responsibility towards its customers, the Lufthansa Group participates in EcoVadis, a sustainability assessment platform for global supply chains. In the reporting year, EcoVadis once again confirmed the commitment of the Lufthansa Group with its "Silver Status".

Summary

The responsible and sustainable treatment of resources, the environment, customers, employees and suppliers is a prerequisite for the long-term financial stability and attractiveness of the Lufthansa Group for its customers, employees, investors and partners.

With the activities and concepts described above, the Lufthansa Group aims to strengthen the positive effects of its business activities and further reduce the negative impacts wherever possible in order to consolidate its position as a leading player in the airline industry, including in terms of corporate responsibility.

This combined non-financial declaration is based on the GRI Standards 2016. The information in this declaration relates to the following disclosures and management approaches.

T053 GRI CONTENT INDEX

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	GRI 205-1	Operations assessed for risks related to corruption	➤ p. 99
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Responsible production and sustainability in the supply chain	GRI 103-1, 103-2	Management approach	➤ p. 102

T054 SUSTAINABLE DEVELOPMENT GOALS (SDG)				
SDG	Sub-target	Aspect/issue	Page	Activities of Lufthansa Group
4 Quality education	4.1 – 4.6	Social concerns	➤ p. 101	81% of donations to the help alliance used to support education
5 Gender equality	5.2	Respect for human rights	➤ p. 99f.	“Zero tolerance” for cases of sexual harassment
	5.5	Employee concerns/ Attractiveness as an employee	➤ p. 93f.	Special focus on support for female junior employees
8 Decent work and economic growth	8.5	Respect for human rights	➤ p. 99f.	Respect for human rights is an integral part of the corporate culture
	8.6	Social concerns	➤ p. 101	All new initiatives focus on the topics of education, work and income
	8.7	Respect for human rights	➤ p. 99f.	Management approach to human trafficking developed
	8.8	Respect for human rights	➤ p. 99f.	Procedures for reporting human rights violations have been implemented
	8.8	Respect for human rights	➤ p. 99f.	Awareness programmes for target groups of managers and employees
	8.8	Responsible production and sustainability in the supply chain	➤ p. 102f.	The Group procurement policy includes the obligation to assume social and ecological responsibility
	8.8	Responsible production and sustainability in the supply chain	➤ p. 102f.	To identify supplier risks, the procurement units responsible for product groups carried out a risk assessment for the suppliers
	8.8	Employee concerns/ Health and safety at work	➤ p. 96f.	Preventive measures taken to safeguard occupational health and safety
9 Industry, innovation and infrastructure	9.1	Customer concerns/ Operational stability	➤ p. 89	Wide-ranging initiatives launched with system partners
	9.4	Customer concerns/ Product and services	➤ p. 90ff.	Lufthansa Group supports environmental sustainability goals in product and service design
	9.5	Environmental concerns/ Active noise abatement	➤ p. 87f.	Optimising flight procedures and flight routes helps to reduce noise
12 Responsible consumption and production	12.4	Environmental concerns/ Active noise abatement	➤ p. 87f.	The best method of reducing aircraft noise at the source is the modernisation of the fleet
	12.5	Environmental concerns/ Waste prevention	➤ p. 85f.	Lufthansa Group supports a variety of initiatives to comprehensively reduce waste
	12.6	Responsible production and sustainability in the supply chain	➤ p. 102f.	The Lufthansa Group’s expectations of its suppliers in terms of social and ecological responsibility are summarised in the Supplier Code of Conduct
13 Climate action	13.1	Environmental concerns/ Climate protection	➤ p. 82ff.	Continuous investment in modern, fuel-efficient aircraft and engine technologies, as well as investment in research and use of alternative fuels for air transport
	13.2	Environmental concerns/ Climate protection	➤ p. 82ff.	To cut CO ₂ emissions, what is required is a fundamental modernisation of the airspace structure
	13.1	Environmental concerns/ Climate protection	➤ p. 82ff.	Deployment of efficiently sized aircraft, better load factors, testing and introduction of new flight procedures, as well as the determination of optimal flight routes and flight speeds
	13.1 – 13.3	Environmental concerns/ Climate protection	➤ p. 82ff.	Climate action agreements (CORSIA – Carbon Offsetting and Reduction Scheme for International Aviation)/Opportunities for voluntary carbon offsets
	13.3	Introduction	➤ p. 79ff.	The Lufthansa Group’s engagement is rated by the international non-profit rating organisation CDP
	17 Partnerships for the goals	17.15	Social concerns	➤ p. 101
17.16		Introduction	➤ p. 79ff.	Since 2002, the Company has applied the principles of the UN Global Compact for sustainable and responsible corporate governance