



LUFTHANSA GROUP

The background of the slide is a composite image. The left half shows a close-up of a white aircraft fuselage with a blue-tinted cockpit window, set against a clear blue sky with a few wispy clouds. The right half shows a view of the Earth from space, with the planet's horizon and a thin layer of atmosphere visible against the blackness of space. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the title text.

ESG Investor Presentation

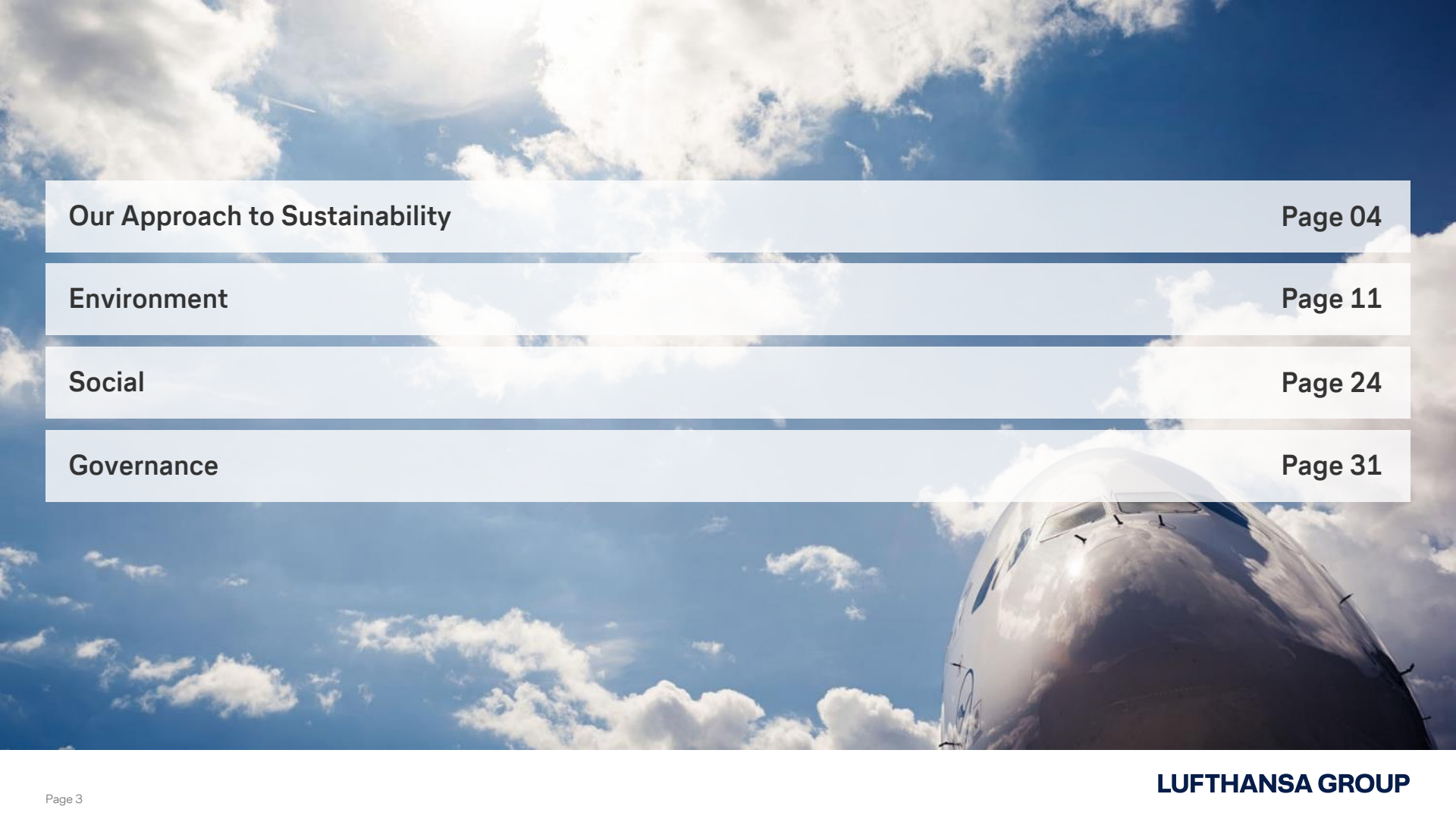
March 2023

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Our Approach to Sustainability

Page 04

Environment

Page 11

Social

Page 24

Governance

Page 31

Our Approach to Sustainability



Our pioneering spirit and technological competence have made sustainability a key element of our business and our strategy



1955

Noise reduction during engine tests



1994

First airline with sustainability report



2007

Compensation program started



2011

First SAF long-term test in regular operation (6 months)



2019

First airline to offer SAF to all customers



2021

Expansion of intermodality to 22 destinations



2022

SharkSkin on B777 Fleet



**Development partner
& regular launch
customer**



**Benchmark for
operational competence
and optimization**

Sustainable and responsible entrepreneurial practice is an integral part of the Group's corporate strategy



The Group continuously improves its measures to

- safeguard the climate and the environment
- maintain responsible and fair relations with its employees
- actively engage in numerous social concerns

Lufthansa Group scores well in relevant sustainability rankings

MSCI
ESG RATINGS



- Improvement from BBB (2017-2020) to AA (2022) due to strong business ethics practices
- Leader among 16 companies in the airline industry
- Robust carbon reduction efforts



- Labor management: unions protest
- Product safety and quality: lawsuits refunds and criticism



SUSTAINALYTICS

27.5

Medium Risk



- Above-industry average
- Strong corporate governance performance



- Medium exposure to human capital risk (large workforce, difficult labor relations , controversies)
- High exposure on own carbon emissions



A-



- Lufthansa group received top marks in 6 out of 11 assessment categories:
1. Scope 1 & 2 emissions 2. Scope 3 Emissions (Supply Chain) 3. Corporate Governance 4. Risk Management Processes 5. Targets 6. Emission Reduction Initiatives



43

Score on 100

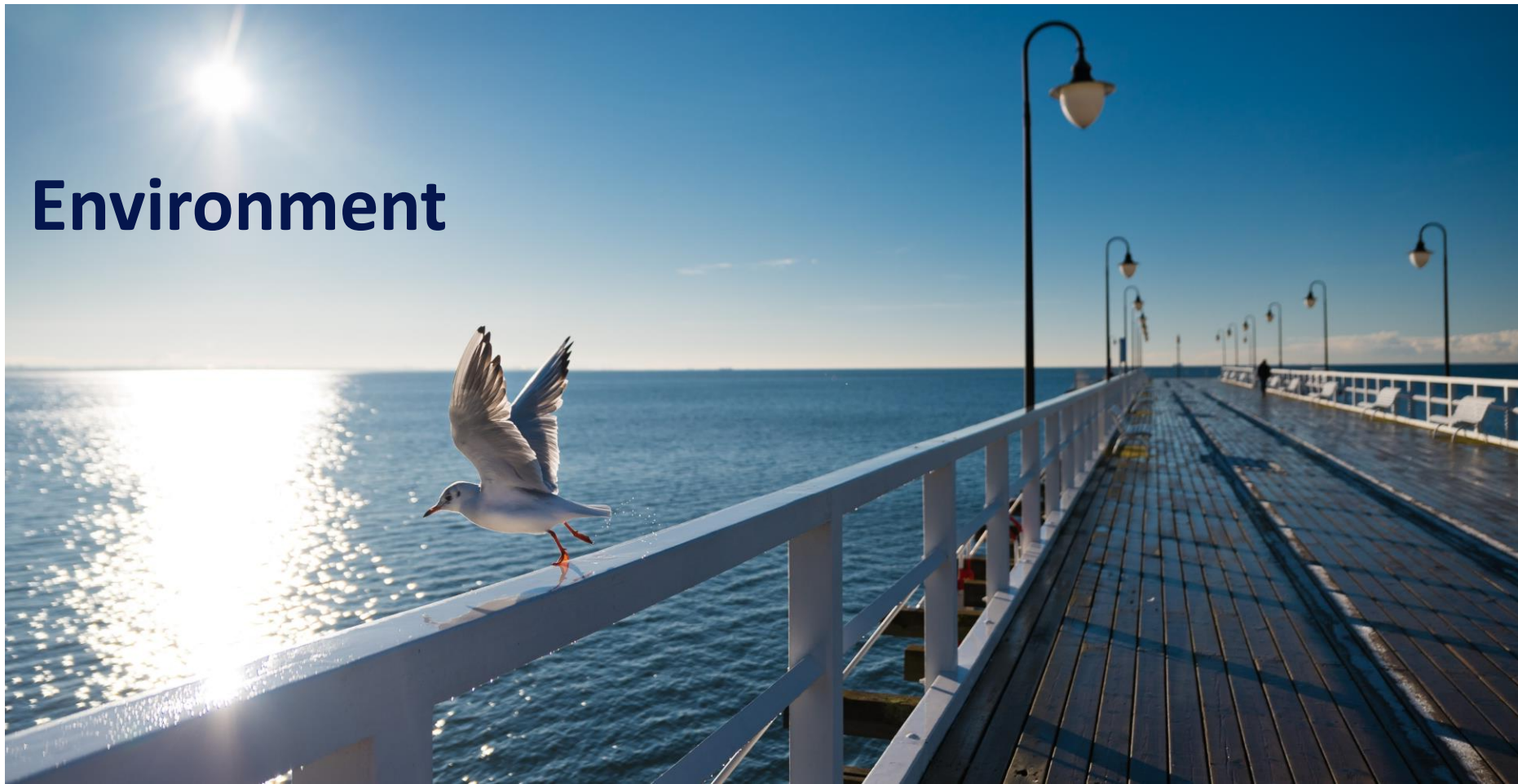


- In top half in the sector
- Particularly good environmental management



- Local pollution, health & safety, management of social risks in value chain
- Transparency in tax payments

Environment



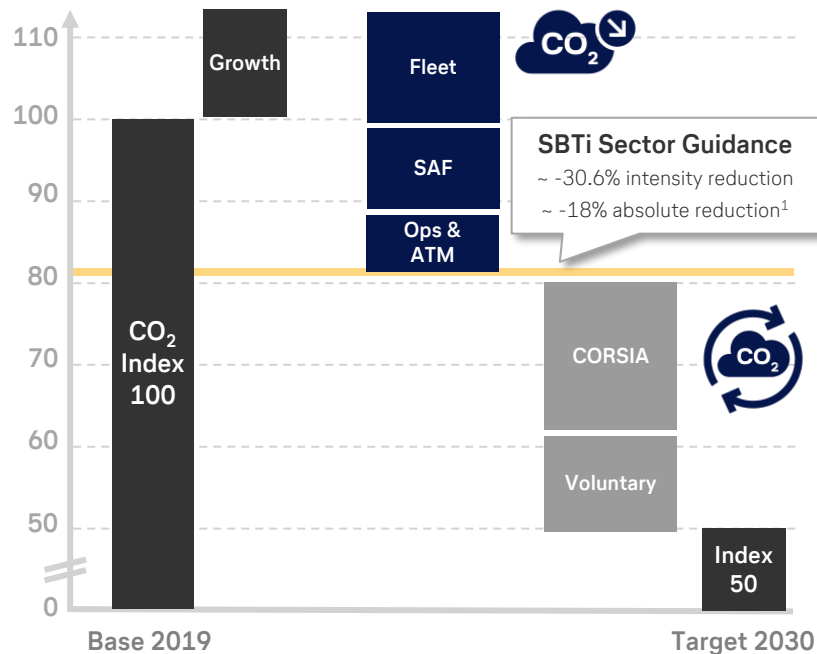
Lufthansa Group has set ambitious climate protection goals



- 1 | Reduce its net CO₂ emissions by 50% until 2030 compared to 2019
- 2 | Achieve a neutral CO₂ balance by 2050
- 3 | Switch to carbon-neutral mobility on the ground in its home markets by 2030

Group's emission reduction targets successfully validated by Science Based Targets initiative (SBTi)

Index LHG CO₂ Emissions (not to scale)



¹ Based on current industry growth assumptions

Reduction

Major levers for CO₂ Reduction:
(SBTi relevance)

- Fleet rollover
- Sustainable Aviation Fuel (SAF) usage
- Ops efficiency (incl. ATM)

Compensation

Compensation:
(no relevance for SBTi)

- CORSIA
- Voluntary compensation



**First European
airline group and
second airline
group worldwide
to receive
validation by SBTi**

Group has a clearly defined path towards CO₂ neutrality for effective climate protection



Investment in fuel-efficient aircraft key driver for reducing CO₂



Broad commitment to Sustainable Aviation Fuels



Efficient energy, resource and operational management



Sustainability integrated into Group's products and partnerships



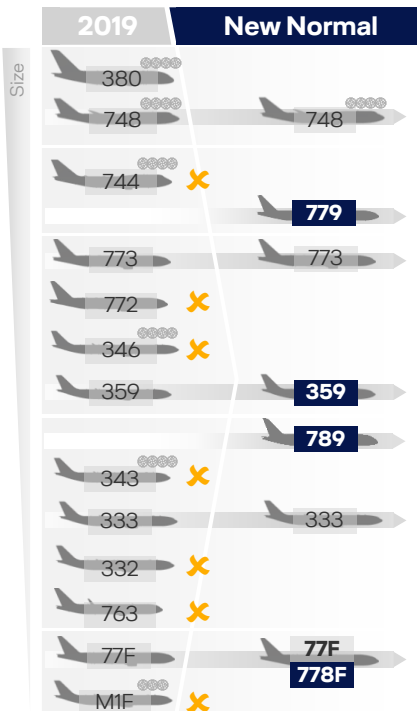
Extensive intermodal offer as an alternative to ultra short-haul flights



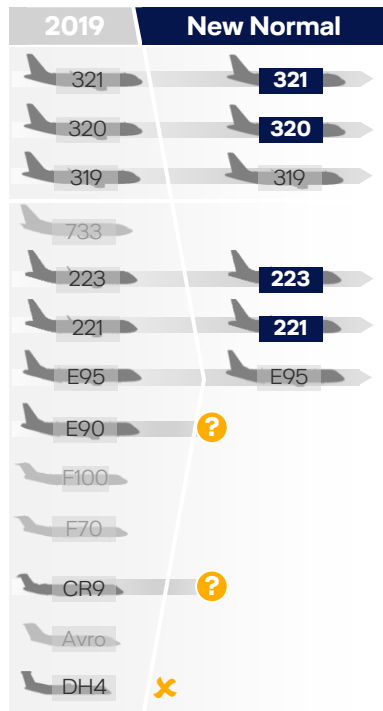
Utilization of economic instruments such as participation in the CORSIA and EU ETS

Lufthansa Group systematically drives fleet transformation and invests in modern and fuel-efficient aircraft

Long-haul fleet



Short-haul fleet



Medium-term target



New Technology

Share

15%



60%

Intercont

12%



60%

Cont

Subfleet

retired



-7



4-Engine

Intercont Share

37%



<10%



CO₂ /RTK

-18%

Group involved in several projects to accelerate development & industrialization of next generation of SAF

Sustainable Aviation Fuels (SAF)

Biogenic SAF

~x5 cost of fossil fuel



- Oils, Sugars, Starch
- Forest & Farming Residues
- Hydrotreated esters and fatty acids (HEFA)

Current focus

Non-Biogenic SAF

x10-x50 cost of fossil fuel



- Municipal Waste

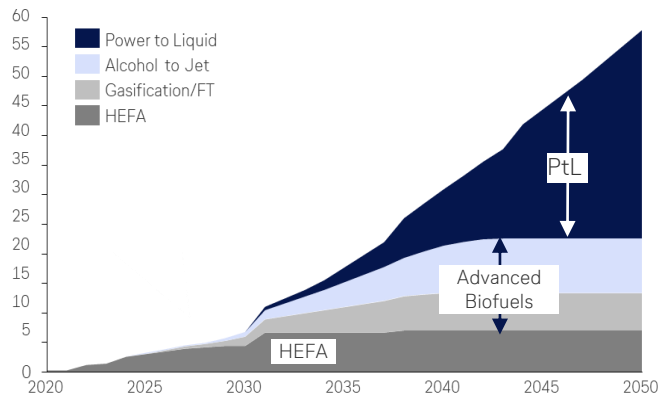


- Power-to-Liquid (PtL)
- Sun-to-Liquid

Long-term focus

Predicted SAF production ramp-up¹

in mt



Availability of SAFs is projected to increase significantly, costs are expected to decrease

Various partnerships to support research and development, pilot customer for the first industrially produced PtL fuel in Germany

Group is the largest buyer of SAFs in Europe, commitment to invest USD 250m until 2024 in response to growing customer demand

¹ Source: WEF Clean Skies for Tomorrow, McKinsey

Lufthansa Group joins “Aviation Alliance Fit for 55”

- Lufthansa Group has joined “Aviation Alliance Fit for 55”
- Alliance supports the EU’s ambitious climate targets for aviation but seeks to prevent measures that would weaken airlines that are pioneers in climate protection
- Europe needs a strong aviation industry to remain an economic powerhouse and drive sustainability



Social



Lufthansa's premium proposition is based on employing the best people in the industry

Premium employees

- Focus on recruiting the best people in the industry
- Continuous investment in qualification and training
- High levels of diversity across the workforce



Premium offer

- Industry-leading quality of service on board and on the ground
- Digitization and automation will further improve customer service
- More sustainable flying offers

Group aims at being the first choice in aviation for employees



Diversity and equal opportunities

Work-life balance

Talent management

Health management and occupational safety

Corporate citizenship

Group promotes diversity across its business



- Currently **172 nationalities** in Lufthansa Group workforce
- Currently **40% women on Supervisory Board**, and **16.7% women on Executive Board**
- Group **supports UN Global LGBTI Standards of Conduct for Business** as an expression of its responsibility to promote the human rights of LGBTI employees
- **Inclusion of people with disabilities** – special workshops for disabled people, partnership with National Paralympic Committee Germany
- GoAhead program to **support women in management positions**
- Target to **increase proportion of women managers to 25% by 2025** (as of 31 December 2021: 18.7%)

Medical Services & Health Management maintains and improves health and working capacity of the Group's employees

Full range of services

- Aviation and occupational medicine
- Vaccinations and travel medicine
- Outpatient care
- Other preventive and healthcare treatments

3.7 work-related injuries per 1 million working hours in 2021, significantly less than 12.1 benchmark set by BG Verkehr

Numerous measures for prevention of coronavirus infections – corona vaccines administered to 14,000+ employees in 2021



helpalliance unites well-established projects initiated by the Group's employees with the combined force and network of the overall organization

help alliance



- Group has been committed to social concerns for many years
- **helpalliance: registered non-profit organization** with **50 projects** in 2021 worldwide
- Projects focus on **improving access to education** for younger generations and **entrepreneurship**



Governance

A close-up photograph of a Lufthansa aircraft, showing the wing, engine, and fuselage. The word "Governance" is overlaid in blue text on the left side of the image. The aircraft is white with blue accents, and the Lufthansa crane logo is visible on the fuselage. The engine is a large, white, cylindrical structure with a blue intake. The wing is a large, white, curved structure. The fuselage is a long, white, cylindrical structure with a row of windows. The aircraft is parked on a tarmac with yellow lines.

Responsible corporate leadership which targets sustainable value creation



Lufthansa Supervisory Board – Experienced, diverse and independent

20 Board Members



10

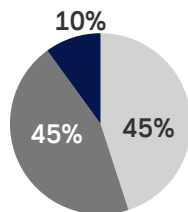
Shareholder Representatives



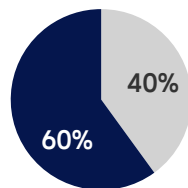
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Employee Representatives

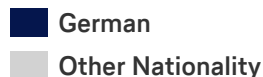
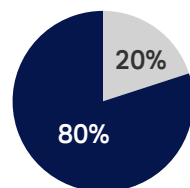
Age



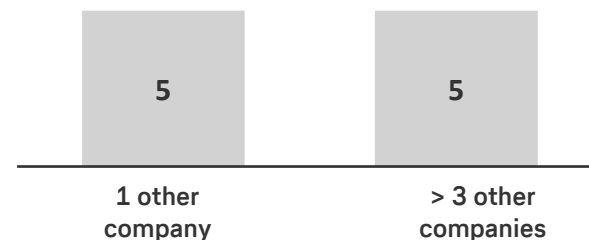
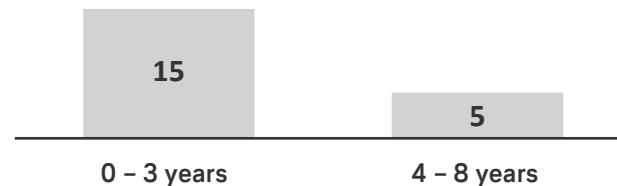
Gender



Nationality¹



Lufthansa Supervisory Board tenure



¹ Only Shareholder Representatives

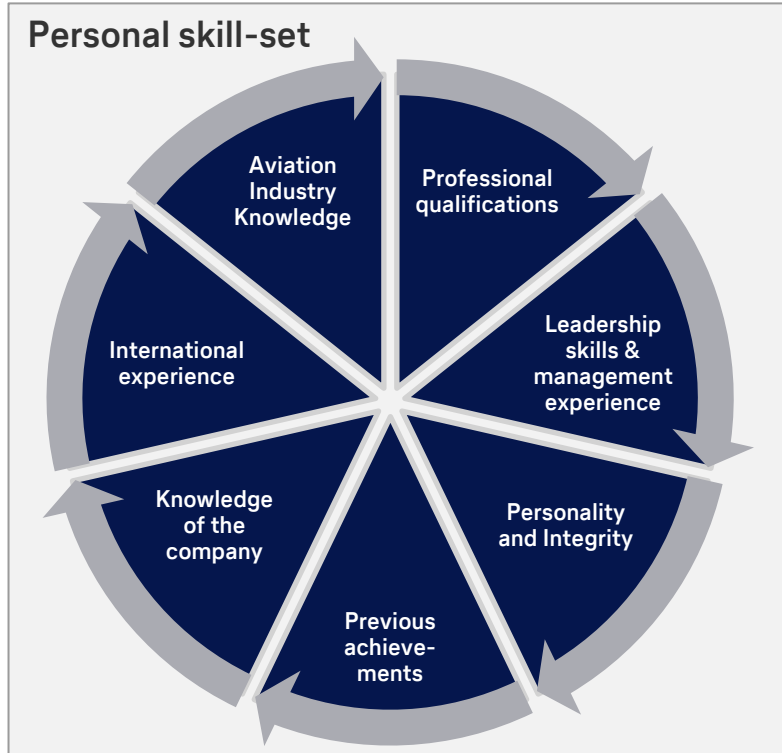
² Other companies outside Lufthansa Group

Shareholder representatives contribute complimentary skills to the work of the Supervisory Board

	Position			Competence in relevant sector / markets			Functional						Diversity criteria / Independence & mandates					
	Role in Board	Initial Election	End of term	Aviation / Transport / Logistics	Marketing / Distribution / Customer	Politics / Association work / Science	GM / CEO	Financial Expert	Digital	Sustainability / ESG	Legal / Compliance	HR / Organisation	Age	Gender	Nationality	Work Stage	Independence	Number of other mandates* (thereof Chair)
Karl-Ludwig Kley Chairman of the Supervisory Board E.ON SE	Chair	2013	2023										70	m	German	Post	Yes	1 (1)
Erich Clementi Vice Chairman of the Supervisory Board E.ON SE	Member	2020	2025										63	m	Italian/US	Post	Yes	1
Thomas Enders Member of the Board of Directors Linde plc	Member	2020	2025										63	m	German	Post	Yes	3 (1)
Michael Kerkloh Former Chairman of the Management Board Flughafen München GmbH	Member	2020	2024										68	m	German	Post	Yes	0
Carsten Knobel CEO, Henkel AG & Co. KGaA	Member	2018	2023										53	m	German	Exec	Yes	0
Harald Krüger Member of the Supervisory Board Deutsche Telekom AG	Member	2020	2025										56	m	German	Post	Yes	1
Miriam Sapiro Managing Director Sard Verbinen & Co.	Member	2017	2023										61	f	US	Exec	Yes	1
Britta Seeger Member of the Management Board Daimler AG	Member	2021	2024										52	f	German	Exec	Yes	2
Astrid Stange Freelance Advisor	Member	2020	2025										56	f	German	Exec	Yes	0
Angela Titzrath CEO Hamburger Hafen und Logistik AG	Member	2020	2025										55	f	German	Exec	Yes	2

* Does not include mandates held in group companies according to Section 100 Paragraph 2 Sentence 2 AktG and other group mandates.

The selection of Executive Board members is guided by a comprehensive set of criteria



Additional criteria

Diversity

Team fit

At least one woman & one man

Age range

Executive Board remuneration system aligns the interests of management and shareholders

Compensation Elements

- Financial targets (85%)
- Non-financial targets (15%)
- 0.8 – 1.2 factor for individual performance
- Annual performance period
- Payout: Cash
- Cap: 200% of STI target remuneration

- Fixed yearly contribution
- Payout in 1 or maximum of 10 tranches (No annuity option)

Base Salary



Short-Term Incentive (STI)



Long-Term Incentive (LTI)



Pension

Share Ownership Guidelines (SOG)

- Financial and share price performance-related targets (42.5% each)
- Non-financial targets (15%)
- Payout: Cash
- 4 years performance period
- Cap: 200% of the LTI target remuneration

- ▶ Adjustment of variable remuneration to reduce complexity, strengthen shareholder orientation and sustainable management
- ▶ Suspension of variable compensation payments to the Executive Board during the period of the stabilization measures
- ▶ Introduction of Share Ownership Guidelines and Clawback-Clause

Further increased focus on cyber security to protect the business and our customers

Cyber Resilient Organization				 Major Achievements 2021
Technical security baseline <ul style="list-style-type: none">▪ Definition of standards▪ Implementation support▪ Solution portfolio▪ Assuring implementation	Cyber defense (detection and response) <ul style="list-style-type: none">▪ Extended system monitoring▪ Efficient incident response	Usability, culture and simplification <ul style="list-style-type: none">▪ Improved usability and simplicity▪ Solution portfolio▪ Awareness and skill training	Future focus <ul style="list-style-type: none">▪ Enabling security by design for ongoing and future transformations	<ul style="list-style-type: none">▪ Log-file analysis of aircraft IT-components contribute to the “entry into service” of the e-enabled aircraft types B7X7▪ Cyber Defence Centre (CDC) increased range of LHG IT-platforms to cover predictive analysis and incident handling.▪ Powerful solution protects administrative access rights, which would enable attackers to take control over IT platforms (PAM)▪ Improved Cyber Security resiliency index (730/900)¹▪ Secure Software Development: 740+ IT-Security trainings per month▪ 12 AOCs enabled to fulfil the major requirement of Aviation Cyber Regulation EU DVO 2019/1583
Organization	▪ empowering people & building skills			
Governance	▪ support and control through group-wide cascaded governance			
Partnering	▪ providing resources – internal and from partners			

¹ 250 – 900 index range: higher index indicates better security performance

¹ 250 – 900 index range: higher index indicates better security performance

Comprehensive program helps to ensure compliance

Lufthansa Group Compliance Program intended to **prevent** staff and the Company from coming into **conflict with law** and to help them **apply statutory regulations correctly**



Compliance Program

Includes -

- Competition
- Capital Markets
- Integrity
- External Workforce
- Anti-Money Laundering
- Embargo Compliance



Whistleblowing System

Staff given opportunity to report any suspicion of criminal activity or breaches of the compliance regulations



Corporate Compliance Office

Corporate Compliance Office develops Compliance Program conceptually and provides trainings (eLearning and classroom trainings)



Audit Committee

Audit Committee of the Supervisory Board is notified semi-annually of incidents and progress concerning compliance in a Compliance Report



Additional reading material

[Sustainability Factsheet 2021](#)

[TCFD 2021](#)

[SASB 2021](#)

[Annual Report 2021](#)

[Corporate Governance Presentation 2021](#)

[CleanTech Hub](#)

