

Fighting against forced labour and child labour in supply chains

Edelweiss Air Ltd. Annual Report

1. Structure, activities and supply chains

Edelweiss Air Ltd. ("Edelweiss") is part of the Lufthansa Group. The Lufthansa Group is an aviation group with worldwide operations and 96,677 employees and over 400 Lufthansa Group companies and facilities within its own business division as of December 31st, 2023. The Lufthansa Group is an aviation group with operations worldwide. The purpose of Edelweiss is the operation of an airline for the transportation of passengers, cargo and mail.

2. Supply Chains

Taking ESG aspects in the supply chain into account is an important element of acting responsibly. In addition to economic aspects, impacts on human rights and the environment are taken into consideration during the procurement process. To meet the standards the Lufthansa Group sets for the sustainability of its own products and services, the Lufthansa Group relies on close collaboration with suppliers who share and implement these standards. This also forms part of the Lufthansa Group's Code of Conduct. The Lufthansa Group's expectations of its suppliers regarding social, ecological, and ethical responsibility are summarized in the Lufthansa Group Supplier Code of Conduct. Both documents are available on the Lufthansa Group website.

The obligation to assume social and environmental responsibility is a key element of the Group procurement policy. The policy is to be understood as an overriding specification for all procurement units at Lufthansa Group majority shareholdings. In addition, it serves as a handbook and guideline for buyers and all employees with contacts to suppliers. Appropriate training is available to these employees and is mandatory for persons in management positions.

By including obligations in contracts with suppliers, the Lufthansa Group endeavors to ensure responsible practices by its direct suppliers to meet its own standards for corporate responsibility and to prevent risks. The following obligations, among others, are requested to be included in contracts with suppliers:

- to comply with the 10 principles of the UN Global Compact
- to comply with basic principles of the International Labor Organization (ILO).
- to provide contractual services in compliance with the protected legal positions from the German Supply Chain Due Diligence Act (LkSG).
- Participate in training depending on risks
- to inform the Lufthansa Group about identified risks and measures taken
- to support prevention and remedial measures
- to inform its suppliers and employees about the Lufthansa Group complaints procedure
- to grant the right to carry out audits

- to grant the right to terminate the contractual relationship in the event of a breach of the agreements

3. Policies and due diligence processes in relation to forced labour and child labour

Responsible conduct in accordance with applicable laws and internationally recognized standards, while respecting human rights, is a core aspect of the corporate culture of the Lufthansa Group. As a participant in the UN Global Compact (UNGC), the Lufthansa Group attaches great importance to aligning its business with the internationally acknowledged principles laid down in the Compact. The Company reports on this in the annual progress report which it delivers to the UNGC.³

Acting with integrity and in accordance with internationally acknowledged values and standards requires that all board members, managers, and employees comply with applicable laws, internal regulations and voluntary commitments at all times. By adopting a Code of Conduct, the Executive Board of Deutsche Lufthansa AG has created a framework through which all business decisions are made. The principles set out in the Code of Conduct include corporate responsibility for society and the environment, business activities based on integrity and responsibility for the company and its resources. These principles constitute the foundation of the Lufthansa Group's value system and define guidelines for the actions of its boards, managers and employees⁴. A dedicated chapter for "Respect for human rights" expressly states:

"We want to promote human rights worldwide. We aim to anchor this expectation in the companies of the Lufthansa Group and their supply chain. Human rights include, in particular, prohibition of both child and forced labor and slavery, compliance with occupational health and safety obligations, respect for freedom of association, working conditions that are adequate and humane, and refraining from environmental pollution, land deprivation, torture and cruel, inhuman or degrading treatment."⁵

Our suppliers are additionally subject to the Lufthansa Group's Supplier Code of Conduct, which build on the Lufthansa Group Code of Conduct and specifically mentions:

"Suppliers of the Lufthansa Group must not make use of child labor, especially not the worst forms of child labor. They should actively promote the elimination of child labor (ILO core labor standards 138 and 182). Suppliers of the Lufthansa Group must not use or tolerate any form of (modern) slavery, servitude, forced or compulsory labor, human trafficking or comparable forms of exploitation, oppression or humiliation (ILO core labor standards 29 and 105). They must ensure that their employees carry out their work of their own free will and without restrictions to their freedom of movement. Our suppliers should actively campaign for the elimination of all forms of forced labor or slavery."⁶

Moreover, in line with the German Act on Corporate Due Diligence Obligations in Supply Chain (Lieferkettensorgfaltspflichtengesetz - LkSG), which since 2023 has created an additional binding framework for compliance with human rights and environmental standards, the Executive Board of the Lufthansa Group has published a policy statement on respect for human and environmental rights. It describes how the Lufthansa Group fulfils its due diligence requirements, which high-priority human rights- and environment-related

³ Annual Report 2024, p.110

⁴ Ibid.

⁵ Lufthansa Group, *Code of Conduct Our Ethical Compass*, p.10, 2024 < [20240201_LH_Code-of-Conduct_210x297_EN.indd \(lufthansagroup.com\)](#)>

⁶ Lufthansa Group, *Suppliers Code of Conduct, Ethical Compass for Our Suppliers*, p.5, 2024 < [LHG-Code-of-Conduct-Supplier-20231219-EN.pdf \(lufthansagroup.com\)](#)>

risks have been identified on the basis of the risk analysis and which human rights- and environment-related expectations apply to the employees of the Lufthansa Group and its suppliers. The Lufthansa Group seeks to prevent, minimize, and/or end risks and violations related to human and environmental rights within our own business area as well as our supply chain through preventive and remedial measures.

4. Forced labour and child labour risks assessment and effectiveness check

The German Supply Chain Due Diligence Act (LkSG) came into effect on January 1st, 2023, and established further binding due diligence obligations for various companies of the Lufthansa Group. The obligations are intended to ensure that human rights are respected in the supply chain as well as within the corporation. In its application, the LkSG addresses 12 human rights-related and eight environmental risks.

The Lufthansa Group Human Rights and Non-Discrimination Team implemented a risk analysis for over 400 Lufthansa Group companies within own business division and for more than 33,000 suppliers in the reporting year. Software was used to assist in the appropriate identification, weighing, and prioritization of risks given the large number of companies. In line with the German Supply Chain Due Diligence Act, the risk of child labor as per s.2 (2) 2 (a)-(d)⁷ and the risk of forced labor as per s.2 (2) 3⁸ were both explicitly considered in the risk assessment.

The risk was calculated on the basis of country and sector risk indicators and media reports. For companies in our own business division with a heightened level of risk, a more in-depth risk analysis was implemented based on surveys. In addition to external data sources, internal findings such as information received via Group reporting channels, including the anonymous whistleblower system, were also taken into account. In its own business division, the Lufthansa Group identified the prohibition of unequal treatment in employment to be particularly relevant. A portfolio of measures has been developed including inter alia documents raising awareness on complaints mechanisms and processes or web-based trainings. In addition, awareness is created by means of focused internal communication to all the employees in the Group. This includes a statement by the Executive Board member for Corporate Human Resources and Legal Affairs emphasizing the responsibility of the Lufthansa Group as a global company that respects human rights. In the supply chain, the prohibition of disregarding freedom of association, the prohibition of disregarding

⁷ the prohibition of the worst forms of child labour for children under 18 years of age; in accordance with Article 3 of Convention No. 182 of the International Labour Organization of 17 June 1999 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (Federal Law Gazette 2001 II pp. 1290, 1291) this includes: a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflicts, b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances, c) the use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in drugs, d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children;

⁸ the prohibition of the employment of persons in forced labour; this includes any work or service that is required of a person under threat of punishment and for which he or she has not made himself or herself available voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2) of Convention No. 29 of the International Labour Organization of 28 June 1930 concerning Forced or Compulsory Labour (Federal Law Gazette 1956 II p. 640, 641) or with Article 8 (3) (b) and (c) of the International Covenant of 19 December 1966 on Civil and Political Rights (Federal Law Gazette 1973 II pp. 1533, 1534);

occupational health and safety, the prohibition of disregarding the requirements of the Minamata Convention, and the prohibition of forced labor and modern slavery were found relevant.

In order to identify human rights, environmental, compliance and financial risks in the supply chain before contracts are awarded and to comply with group standards, the Lufthansa Group has established a supplier review process. If a supplier falls into a risk category in the first step of the review, e.g. because of the country of origin or the product group, a more in-depth review will be carried out, including using external sources. The review process helps to identify potential risks before a contract is concluded, to determine necessary measures to minimize risks or, as a final measure, to prevent collaboration with the respective supplier.

The Lufthansa Group uses audits to check for compliance with human rights and environmental due diligence obligations and whether the Lufthansa Group's risk management is appropriate. The audits are primarily carried out by Internal Audit. They can also be carried out by external auditors as warranted or on the basis of required specialist knowledge.

For the effective prevention of negative human rights or environmental impacts, the Lufthansa Group reviews the effectiveness of its preventive and remedial measures and makes any necessary adjustments. This includes evaluating information from affected parties, obtaining feedback from target groups, and conducting spot checks and audits. In addition, active exchange is sought with internal interest groups such as employee initiatives and employee representatives, as well as external stakeholders.

5. Due diligence - measures

If the Lufthansa Group becomes aware of an actual or imminent violation of human rights or environmental obligations, it will take appropriate remedial action without delay.

Preventive or remedial action may include requesting a statement from the supplier regarding a potential violation, reaching an agreement on further contractual measures to prevent a violation, auditing the supplier's activities, or imposing adequate training.

If a supplier is unable to immediately terminate, prevent, or minimize a violation, the Lufthansa Group will draw up and implement an appropriate remedial and/or preventive concept. When creating and implementing the concept, particular consideration is given to (i) the joint development and implementation of a plan to end or minimize the violation with the company causing the violation, (ii) joining forces with other companies as part of industry initiatives and industry standards in order to increase the possibility of influencing the originator and (iii) temporarily suspending the business relationship while efforts are made to minimize the risk. As a last resort, the Lufthansa Group reserves the right to terminate business relationships.

Whistleblowing procedures

Companies are obliged to identify human rights risks and report the type and number of suspicious incidents. Employees of the Lufthansa Group as well as external third parties, such as customers or suppliers, have several options to file a complaint, also anonymously.

In 2021, Lufthansa Group established an electronic whistleblower system available in a variety of languages, in addition to the existing ombudsman system to facilitate the submission of compliance related hints. Lufthansa Group expanded this system in 2022 also to human rights and environment- related hints. Grounds that one can submit their

report based on, explicitly mention child labour and forced labour or modern slavery as a category⁹. Lufthansa Group employees can also contact the Lufthansa Group Human Rights and Non-Discrimination Team, their supervisors, human resources management or the co-determination bodies directly. A works agreement with regard to grievance procedures is already in place for all employees in Germany.

An overview of all our whistleblowing channels and the Lufthansa Group's Rules of Procedure pursuant to Section 8 of the German Supply Chain Due Diligence Act is available on our website¹⁰.

6. Remediation of loss of income

Not Applicable

7. Training

The Lufthansa Group has developed a web-based training "Human Rights Due Diligence" in the reporting year, which is intended to provide basic knowledge and raise awareness on the topic of human rights, the identification of risks and violations, and reporting channels. The content of the training covers:

- Human rights (including child and forced labor) and environmental obligations
- Guidelines and Declaration of Human Rights
- National laws
- Detecting incidents of human trafficking
- Reporting incidents - #SpeakUp

Additionally for employees with purchasing tasks:

- Risk management, prevention and procedure in the event of violations
- Contracts (specific clauses)
- Remedial and preventive actions
- Responsibilities - Risk management in purchasing

This training is mandatory and takes place every two years as a preventive measure for specific employees and managers in companies with a heightened level of risk and for employees in areas where these topics have a strong practical relevance, such as procurement and human resources. Each training ends with a final assessment that has to be passed in order to complete the course.

The training is intended to be introduced in 2024.

Approval and attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I

⁹ Whistleblowing System - Lufthansa Group Investor Relations

¹⁰ Ibid.

attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Edelweiss Air Ltd.



Bernd Bauer, 30 May 2024

Chief Executive Officer
Member of the Management Board