

Corporate Social Responsibility – How do we understand this term?

In recent years, social, economic and environmental pressures have pushed more and more companies to accept their social responsibility. Closely tied to this acceptance is a corporate policy that aims at raising social and environmental standards on a voluntary basis – and that means beyond legal and contractual requirements.

This is a long-term perspective, which must be viewed against the background of sustainable development.

Such a move also implies the comprehensive integration of economic, social and environmental aspects into corporate policy. And it means that Corporate Social Responsibility is not just an optional “add-on” to core business activities. Rather, it is the very way in which businesses are managed.

This requires an open corporate policy, whose key features are that it seeks to create harmony between opposing interests, to make corporate actions transparent and to attain credibility.

In this presentation, I would like to explain how Lufthansa sees its role in this respect. Given the emphasis of this conference, I would like to focus on examples from our environmental care program.

But first allow me to touch upon a few key facts about the Lufthansa Group, as I believe that some of you might not be familiar with our company.

The Lufthansa Aviation Group is one of the world’s leading air transport corporations. It comprises numerous companies, which are active in business segments including passenger airlines, logistics, aircraft maintenance, catering, tourism and IT services. In four of these six business segments, Lufthansa is the world market leader and thus the company sees itself as a global player.

Lufthansa has a presence on all continents except Australia. Worldwide, the Group employs 90,000 people. Last year, the Group’s 434 aircraft flew on routes to 450 destinations, carrying 56 million passengers and 1.58 million tons of air freight.

Our core business is passenger transport. In cooperation with our partners in the Star Alliance, our airline serves more than 772 destinations/airports in 133 countries. Every 6 seconds, an aircraft takes off or lands somewhere around the world.

Lufthansa can look back on a long tradition. Since our company’s founding in 1926, its history has been marked by numerous innovations and pioneer achievements. Today – despite the continued economic slowdown, the crisis in international aviation over the past years and the ongoing restructuring in the airline industry – Lufthansa is economically successful and has an optimistic outlook on the future. Here, we distinguish ourselves significantly from many of our competitors.

So what is our position with regard to Corporate Social Responsibility?

We are fully aware that we bear special responsibilities in our role as a global corporation and large-scale employer. This awareness has been firmly anchored in our Corporate Guidelines.

In addition, as a Corporate Citizen, we want to contribute to the evolution of society. We do so within our company, but also beyond company boundaries – in communities and regions, at the national and international levels.

In this broader social context, “diversity” is one of the key words.

With their broad ranges of competencies and their daily performance on the job, our employees make a decisive contribution to the company’s success. Therefore, the appreciation of all employees – independent of gender, origin, age or physical abilities – is an important concern for Lufthansa. Diversity is not an interference factor. Rather, it holds potentials for creativity and innovation and is an expression of tolerance and a cosmopolitan outlook, all values that are indispensable for Lufthansa in its role as an international corporation.

Let me give you a few figures to illustrate how diversity works in our company:

1) People from 150 countries work for Lufthansa. In Germany alone, we employ people from as many as 128 countries.

2) 37 percent of Lufthansa employees work outside of Germany.

Our employees' broad variety of linguistic and cultural knowledge is an important resource, especially when it comes to better understanding the needs of our international customers and partners.

Intercultural competence is considered a key qualification at Lufthansa. And it has had a high priority in our training and continuing education programs for many years.

We apply the concept of diversity in many ways in our human resource development. But the scope of this presentation does not allow me to go much beyond the examples I have already mentioned.

However, I would like to describe for you just one initiative, whose field of activity is not within the company, but outside of Lufthansa.

Taking advantage of their contacts all around the globe, Lufthansa employees founded the HelpAlliance in 1999. Today, this registered charitable association unites a total of 14 development aid projects, which our employees have launched in a number of countries around the world.

As an umbrella organization, the HelpAlliance ensures a presence for these projects inside and outside the Lufthansa Group and organizes joint fundraising projects. The airline's management supports this employee initiative financially and organizationally. An in-flight video informs our passengers about the work of the HelpAlliance and asks for donations.

The HelpAlliance supports projects worldwide, including:

- bush hospitals in Kenya and Nigeria
- a training and recreation project for the children of the "Smoky Mountain" garbage dump in Manila
- orphanages in Nigeria and Brazil
- street kid projects in Thailand, India, Germany and the CIS States.

Now let's take a look at the environmental context.

Credibility is the key condition for Lufthansa's commitment to environmental protection.

Here, we focus on two areas in particular: environmental care on the one hand and nature conservation on the other.

In the area of operations-related environmental care, Lufthansa has noticeably reduced its emissions of noise and pollutants. Our comprehensive environmental management system searches continuously for opportunities to reduce environmental harm from aviation further by means of technical changes, improved flight procedures or other measures.

In the area of nature conservation, Lufthansa cooperates with national and international NGOs and helps to intensify the dialogue between economy and ecology.

But the prerequisite for being an active player in nature conservation is that we do our homework first.

So what are our key goals in this area?

- To optimize [**>>?>>flight**] distances with regard to flight performance, fuel consumption and noise emissions.
- To reduce specific fuel consumption.
- To reduce aircraft noise emissions by introducing new take-off and landing procedures.
- To optimize the adherence to noise-reduction procedures near airports.
- To cooperate with railways to shift short-haul flights to rail service.

Our policies for fleet development and selecting new types of aircraft illustrate clearly just how closely gaining advantages for economic performance are linked to making progress in environmental protection.

Because new types of aircraft with latest-technology engines consume less and less fuel, our investments in new aircraft are also investments in environmental care.

For example, take the Airbus A340-600, Lufthansa's chosen successor for the Boeing 747-200. The Airbus consumes about 25 percent less kerosene than the Boeing. In a similar way, the Airbus A380, which Lufthansa will put into service in 2007, will also help to further decrease specific fuel consumption.

Within the last 12 years, we have been able to reduce the specific fuel consumption of the Lufthansa fleet from 6.2 to 4.3 liters of kerosene per 100 passenger kilometers. Our long-term goal is to reduce fuel burn by 38 percent below 1991 levels by 2012. In the reduction of noise emissions, aircraft have made the same kind of progress. Let us compare the A340-600 with the Boeing 747-200 one more time. This >>?>> noise footprint illustrates how the two types of aircraft emit noise in very different ways, shown here during takeoff from Frankfurt Airport.

To report about our commitment to environmental care, Lufthansa uses numerous pages on the Internet.

Yet our most important communications platform here is our annual environmental report, "Balance."

In the report's "Facts and Figures" section, we account for goals, measures and goal attainment. In its "Magazine" section, we present interesting features and informative articles. Here, we aim at winning new readers to take part in a dialogue with us and at providing captivating insights into our company's commitment to environmental care and sustainable development.

In each issue of Balance, one article is dedicated to a partner airline within the Star Alliance. I mention this because the Star Alliance was the first airline network to sign an environmental charter, which Lufthansa instigated. Air Canada, our Canadian partner, was one of the Star Alliance's founding members and has also signed this environmental charter.

It is our conviction that nature conservation without active environmental care would not be credible. Consequently, the projects we support in our Environmental Sponsoring Program are built on solid foundations.

Things started small in this area. In 1978, a book entitled "Save the Birds" was published in Germany. Lufthansa sponsored this book and, even at that time, expressed its commitment to responsibility for nature conservation in the book's introduction.

We said: "We are all responsible. The time has come to confront ecological problems in a critical manner and to find new ways of conducting economic activities in harmony with nature rather than in conflict with it."

Today, 26 years later, the crane – the bird in our corporate logo – is the focus of our environmental sponsoring program.

Our commitment is centered on the crane and conserving its species, especially since 11 of the 15 crane species are currently threatened in their very existence.

On Germany's Baltic coast, we worked together with our partner NGOs to open a center that provides information for visitors and serves as a basis for scientific research work.

Likewise, we support projects in Spain, Eastern Europe, the Middle East and South Africa, as well as the work of the International Crane Foundation.

At the same time, the crane has also become the symbol for a more far-reaching commitment to nature conservation.

Since last year, we have placed our emphasis on conserving biodiversity.

Our visible expression of this emphasis is the initiative "Living Planet – Fascination Nature."

This is the title of a 7-minute video shown regularly on board our long-haul aircraft. This video aims to sensitize our passengers toward the issues of biodiversity and to give them greater awareness in the way they interact with nature. Combined with a brochure, this video is available to anyone interested and is used actively in the context of environmental education.

So what is the video's story line – and our line of argumentation ?

- Every 20 minutes, another animal or plant species is lost on our planet as a result of habitat destruction, water pollution, overfishing or commercial interests.
- Conserving biodiversity is also a key condition for developing sustainable tourism.
- All travelers can contribute to protecting the environment and biodiversity – for example by not buying exotic souvenirs.

Incidentally, within the company – and especially at Lufthansa Cargo – we are keenly aware of this responsibility:

- Lufthansa Cargo, which handles about 20,000 “live-cargo” shipments a year, ensures that live animals are transported under optimum conditions.

- If a transport contravenes the principles of animal welfare, Lufthansa Cargo will refuse transportation. The company works closely with animal protection and zoological organizations. Furthermore, the freight carrier supports a ban on the transport of animals caught in the wild, as well as the transport of primates, whales, elephants and dolphins. In this same context of biodiversity, we also give our support to conserving entire natural landscapes. An example is a pilot project for the reforestation of previously cleared rain forest in the Philippines. Planting nature-like, but also exploitable forests creates habitats for threatened animal and plant species. At the same time, it provides an economic basis for the local population.

Dating back much further is our commitment to yet another project, the one which has brought us all together here in Cranbrook.

Since the inception of “Living Lakes” in June 1998, Lufthansa has been the Global Nature Fund’s partner for this initiative.

The following were – and still are – the reasons underlying our cooperation with the GNF:

- the fundamental importance of water for the Earth’s future
- the lakes and marshes that are often important areas for migratory birds
- opportunities for the development of sustainable tourism
- the aspect of networks (we think that networks are optimum organizational structures; they are ideal for conducting dialogue and transferring knowledge)
- the aspect of internationality.

For us as a company, another important consideration are the

- possibilities that Living Lakes offers to bring home the message and experience first hand the issues of environmental sponsoring and nature conservation in communications with our employees and with external audiences.

In the past, we – GNF and Lufthansa – have taken advantage of this aspect especially in the context of conferences and press trips. Our commitment has been accompanied by widespread coverage in internal media for passengers, customer and employees, and by inserting advertisements in the relevant special-interest magazines.

This year, we broadened our commitment by joining forces to carry out the “Nature Summer Camps.” After the GNF and DaimlerChrysler launched these workshops for employees last year, their offerings became even broader this year due to our participation. Just like at DaimlerChrysler, Lufthansa employees and their children between 18 and 35 years of age can participate in the summer camps. They have the opportunity to do some volunteer work for the environment during their vacation time and thus make an active contribution to preserving the world’s freshwater reserves.

Financial support from the two companies has meant that the GNF could develop an attractive program and set up summer camps at six Living Lakes partners. Eighty-six volunteer helpers (including 20 from Lufthansa) worked between two and four weeks, depending on the location.

So what exactly does the project entail?

- The Nature Summer Camp participants were trained during a two-day introductory seminar and prepared for the activities at the respective locations.
- On location, the participants received support from a Living Lakes partner organization.
- The activities of the Nature Summer Camps were diverse. They varied from conservation of the countryside and environmental education to water pollution control and construction projects.
- In addition to varied work tasks on location, the participants were offered an interesting program of leisure activities.

A survey has shown that almost all participants would again take part in a Nature Summer Camp.

For us, it is an important consideration that this project helps to anchor and strengthen ecological awareness in our employees behavior, both on the job and in their private lives.

Before, many employees had told us about their need and desire to make an active contribution in the area of environmental care. The employee echo after the conclusion of this year's summer camps was overwhelmingly positive. As a result, we're planning to continue the program in 2005.

In an ideal way, these Nature Summer Camps embody the integrative approach to environmental, social and economic aspects. They also confirm to us that we're on the right path.

In conclusion, we at Lufthansa see ourselves as being committed in equal measure to the demands of shareholder value, environmental care and social responsibility in our efforts to secure sustainable development. Our joining the UN Global compact is another visible sign of this commitment.

Along our path toward future economic success, Lufthansa will continue to take environmental issues into account, apply our Guidelines for Environmental Protection in a consistent manner and fulfill our social responsibilities as a "global player."

Yet continuous improvement in sustainable development requires a wealth of ideas, the support of all and – in any case – ongoing exchange, communication and mutual understanding.

In this spirit, this conference is another important step on the path toward the goal of sustainable development.

Thank you for your attention. And thank you for being here today.

Deutscher Abstract:

Gemeinschaftliche Soziale Verantwortung

In den vergangenen Jahren hat der sozial, ökonomische und ökologische Druck Unternehmen immer mehr dazu gebracht ihre soziale Verantwortung zu akzeptieren. Solch ein Zug betrifft auch gemeinschaftliche Grundsätze und das Unternehmens Management. Wie geht die Lufthansa Aviation Group hiermit um? Lufthansa ist eine der führenden Fluggesellschaften und ist nicht zuletzt durch seinen Marktstellenwert ein sogenannter „global player“. Lufthansa, die im Jahr 1926 gegründet wurde, ist auf allen Kontinente außer Australien vertreten und beschäftigt ungefähr 90,000 Leute. Alle sechs Sekunden startet oder landet ein Flugzeug auf der Erde.

Gemeinschaftliche, soziale Verantwortung wird bei uns in durch den soziale Entwicklung deutlich, bei der Diversität eine große Rolle spielt. Beispiel hierfür ist, dass unsere Angestellten aus insgesamt 150 Ländern kommen.; 37% arbeiten im Ausland.

Im Jahr 1999 wurde die Wohltätigkeits Assoziation „HelpAllianz“ gegründet, die weltweit Projekte unterstützt. So konnten bisher beispielsweise Waisenhäuser in Nigeria und Brasilien und Busch Krankenhäuser in Kenia unterstützt werden.

Außerdem hat Lufthansa Lärm und gasförmigen Emissionen reduziert, was mit Hilfe unseres ökologischen Managements und in Zusammenarbeit mit nationalen und internationalen NGOs weiter verfolgt und ausgebaut werden soll. Andere Beispiele unserer Umwelt Programms sind die Summer Camps an denen Angestellte von Lufthansa und DaimlerChrysler sowie deren Kinder (im Alter von 18-25) teilnahmen und eine Vielzahl von Aufgaben durchführten, was im Jahr 2005 fortgeführt werden soll. So basiert einer kontinuierlichen Verbesserung von nachhaltiger Entwicklung eine Fülle von Ideen, die Unterstützung Aller und – in jedem Fall – ein anhaltender Austausch, Kommunikation und gegenseitiges Verstehen voraus.