




cargolux

2023

**SUSTAINABILITY
REPORT**



cargolux

you name it, We fly it!

SUSTAINABILITY
REPORT

2023



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MESSAGE FROM THE CEO

01



GRI 2-22, 2-27
UNGC CoP G1
UNGC Principles 1 & 7
SDGs 5, 8 & 16

It is with great pleasure that I present the 2023 edition of Cargolux's annual Sustainability Report, highlighting our latest progress in the field. During the year, we have worked to develop initiatives, bolster our achievements and project ourselves into the future we want for our company and our stakeholders. These pages reflect our endeavor to contribute to a more sustainable future for our people, our customers, and our communities.

Over the years, Sustainability has become an intrinsic priority for Cargolux and a primary consideration in strategic decisions. As a cargo airline, we acknowledge the impact of our operations and strive to mitigate them through various means. Our Sustainability approach encompasses Environmental, Social, and Governance aspects, key elements that we strive to distill throughout our practices and procedures.



GRI 2-22, 2-27
UNGC CoP G1
UNGC Principles 1 & 7
SDGs 5, 8 & 16

FORMALIZING OUR APPROACH

To enhance and formalize our approach, a dedicated Sustainability unit was created and is led by the Chief Sustainability Officer. This team of Subject Matter Experts is complemented by working groups who focus on targeted subjects. This framework provides structure for our journey and ensures all material topics are addressed with the same diligence.

Aiming for a successful implementation of the upcoming Corporate Sustainability Reporting Directive (CSRD)*, a new Sustainability Strategy was established in 2023. The new Strategy formalizes the company's sustainability structure, including a Sustainability Steering Group and supporting Work Groups which will lead the embedding of sustainability practices and procedures in all corners of our organization.

DRIVING ENVIRONMENTALLY SOUND OPERATIONS

One of the top priorities for Cargolux as a long-haul freighter airline is the reduction of its carbon footprint. The aviation industry is under increasing scrutiny to take measures on climate action and has set itself ambitious goals. The global aim of achieving net-zero by 2050 is on the horizon and we strive to play our part in this endeavor. As a key component in the supply chain, Cargolux is keen to leverage its position to drive change in the industry.

Sustainable Aviation Fuel (SAF) is one of the major channels to effectively reduce aviation's carbon footprint and Cargolux is continuing its efforts in this area. Cargolux became the first airline to uplift SAF at Luxembourg airport, its home base. On the return flight from Zhengzhou, Cargolux also had the honor of becoming the first foreign airline to uplift SAF in China for an inter-continental flight.

As part of our decarbonization effort, a landmark collaboration and offtake agreement was signed with Norsk E-Fuel, a company promoting the industrial production of sustainable fuels based on CO₂ and water (e-fuel). Investing in new and clean technologies will allow Cargolux both to decarbonize and to expand customer offerings for more sustainable solutions. Next generation fuels will provide a reliable source of clean fuel but their production must be supported to encourage higher volumes and lower costs.

A note of caution must be sounded. The path to net zero CO₂ emissions is challenging and will pose an existential threat to many airlines if such costs cannot be recovered from the ultimate consumer.

As part of its long-term strategy, Cargolux has decided to write a new chapter in its history with the launch of a dedicated aerial firefighting unit, Aquarius Aerial Firefighting. Over the years, wildfires have become a growing global issue that requires a rapid response and there is a severe lack of such aerial capacity to deal with this. These natural catastrophes are a threat to human welfare, the environment, as well as a significant source of CO₂ emissions. This new unit not only represents a diversification of activities for Cargolux, it is also an initiative to fight against a devastating source of emissions.

* The CSRD is applicable to Cargolux as of financial year 2025.

PUTTING OUR PEOPLE FIRST

In addition to its environmental initiatives, Cargolux has made significant progress in its social engagement program. The company is a signatory of Luxembourg's pact for Business and Human Rights. This national initiative aims to implement the UN's Guiding Principles on the subject and details clauses such as the nomination of a dedicated Human Rights Officer for the company, annual reporting on measures introduced by the corporation and awareness among stakeholders.

Another significant milestone we achieved in 2023 was the signature of a new Collective Work Agreement. This updated convention compiles benefits for employees who fall under its scope with a particular focus on career advancement and work-life balance. Employee welfare is one of the priorities for Cargolux and we pride ourselves on being recognized as an attractive employer. As part of our employee engagement program, a dedicated Diversity, Equity, and Inclusion working group was created to address all DEI-related topics company-wide.

OUR VISION FOR THE FUTURE

Cargolux has continued to make progress and pursue its commitment to Sustainability throughout the year. As our determination grows, however, so do the challenges that lie ahead for our industry and we must remain flexible to embrace change and future-proof our company. Our industry is at the beginning of a profound transformation and we will endeavor to be a relentless driver of change. We are actively preparing for the introduction of upcoming legislation and regulatory requirements to ensure we can continue to deliver service excellence in the face of change. I am confident that the dedication of our people, the support of our partners, and the ambitious roadmap we have defined will drive sustainable growth that benefit the company as well as wider communities.

I would like to conclude by extending a heartfelt thank you to our customers, our Management team and our dedicated employees throughout the world for their unwavering support. I look forward to continuing our collective journey to build a sustainable future for the industry.

RICHARD FORSON

President and
Chief Executive Officer





ABOUT THE REPORT

GRI 2-2, 2-3, 2-4
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10

GRI 2-27, 3-1
 UNGC CoP G12
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10

GRI 3-1
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17

ABOUT THE REPORT

This annual Sustainability report provides information about Cargolux's Sustainability performance and achievements during the period from 01/01/2023 to 31/12/2023. Information contained herein pertains to Cargolux's overall operations and geographic presence, except where otherwise specified in the report:

- Occupational Health and Safety related indicators cover the parent company only.
- Data monitoring and the company's waste disposal relate to its facilities in Luxembourg.
- Monitoring of fuel consumption and CO₂ emissions for the fleet includes data from both Cargolux and Cargolux Italia. 100% of flight related CO₂ emissions were in 2023 audited by Verifavia. Facilities related consumption and CO₂ emissions only includes Cargolux HQ building and the Maintenance Center.

Cargolux publishes its sustainability performance annually in its Sustainability report, previously named CSR Report. This report is prepared based on the guidelines of GRI standards. The next publication will be released in 2025 and will cover Cargolux's sustainability performance and achievements for 2024.

Cargolux invites all interested parties to enter into dialogue about its sustainability policy, its activities, and this report. The company's policy, details about its activities, and previous reports, can be found on its website at <https://www.cargolux.com/our-responsibility/>.

All comments and enquiries are welcome and can be addressed to sustainability@cargolux.com.

METHODOLOGY

This report is based on a double materiality analysis run in 2021 where priority topics were identified to report on according to the stakeholder feedback and double materiality principles. For more than 10 years, Cargolux has published a CSR report sharing its CSR ambitions based on both business priorities and stakeholder dialogue. This section explains the methodology followed to identify the material issues.

The concept of "double materiality" has recently gained momentum and is a requirement of European regulations such as the CSRD and global sustainability reporting standards and frameworks (GRI – Global Reporting Initiative, SASB – Sustainability Accounting Standards Board, TCFD – Task Force on Climate-Related Financial Disclosures, etc.) as well as ESG rating agencies and therefore investors.

Double materiality implies that an organization must take into account impacts in both directions:

- On one hand, the financial risk that socio-environmental factors generate for its results (financial materiality, or outside-in);
- On the other hand, the responsibility for the positive and negative impacts - actual and potential - that its activities would have on the economy, the environment and society, including human rights (impact materiality, or inside-out).

The realization of the double materiality assessment is based on five steps:

1. IDENTIFICATION OF ESG TOPICS

To start the process of realizing the assessment, sustainability topics were identified through different research channels: sector benchmarks, literature reviews, requirements of rating agencies (e.g. MSCI, Sustainalytics), requirements dictated in sustainability standards and frameworks (e.g. GRI, SASB),

the United Nations Sustainable Development Goals (SDGs) and international and European megatrends according to sectorial and specific approaches.

These are the themes that could be relevant and help define an initial list of topics that will then be subject to impact analysis and stakeholder assessment.

GOVERNANCE & ECONOMY

SOCIAL

ENVIRONMENT

GOV. 01	Employer attractiveness & job retention	SOC. 01	Training & development for staff	ENV. 01	Biodiversity & animal welfare
GOV. 02	Local community investment	SOC. 02	Staff diversity & inclusion	ENV. 02	Emissions (aircraft & ground operations)
GOV. 03	Innovation & technology development	SOC. 03	Staff welfare	ENV. 03	Aircraft fuel efficiency
GOV. 04	Financial stability & resilience	SOC. 04	Occupational health & safety	ENV. 04	Aircraft noise
GOV. 05	Product safety, quality & sustainability			ENV. 05	Water management
GOV. 06	Cybersecurity			ENV. 06	Materials & waste management
GOV. 07	Ethical practices in business relationships				
GOV. 08	Sustainable supply chain				



GRI 3-1
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17

GRI 3-1
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17

GRI 3-1, 2-29
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 8, 10, 11, 12, 13, 14, 15, 16, 17

2. ASSESSING IMPACT MATERIALITY

The materiality of impact allows us to assess the organization's actual or potential, positive or negative impacts on the environment and society ("inside-out"). The issues from the list of ESG topics, defined in the first step, must be rated by the organization according to the following factors:

SEVERITY

(INTEGRATING THE CONCEPTS OF SCALE, SCOPE AND IRREMIABLE CHARACTER)

LIKELIHOOD

0 = None	0 = Rare (<10 % chance of occurrence)
1 = Minimal	1 = Unlikely (10% to 35% chance of occurrence)
2 = Low	2 = Possible (35% to 65% chance of occurrence)
3 = Medium	3 = Likely (65% to 90% chance of occurrence)
4 = High	4 = Almost certain (>90% chance of occurrence)
5 = Critical	

3. ASSESSING FINANCIAL MATERIALITY

Financial materiality makes it possible to evaluate the financial risk that socio-environmental factors generate for results (financial materiality, or outside-in); it involves analyzing the risks and opportunities that could have an impact on the organization's value and value creation. The issues on the list of ESG topics, defined in the first step, must be rated by the organization according to their financial impact:

0 = None / 1 = Minimal / 2 = Low / 3 = Medium / 4 = High / 5 = Critical

4. ENGAGING WITH STAKEHOLDERS

Since 2018, Cargolux has engaged with more than 750 stakeholders to highlight environmental, social and governance topics that are the most important for them to be included into Cargolux's Sustainability Strategy.

LIKELIHOOD	STAKEHOLDERS	ENGAGEMENT METHOD	NUMBER OF PARTICIPANTS	YEAR
0 = None	Customers	Questionnaire	17	2018
0 = None	CSR Committee*	Questionnaire	50	2018
1 = Minimal	Suppliers	Questionnaire	11	2019
1 = Minimal	Employees	Questionnaire	263	2019
2 = Low	Banks	Questionnaire	17	2021
2 = Low	Customers	Questionnaire	19	2021
2 = Low	Employees	Questionnaire	420	2021

*CSR Committee was replaced by the Sustainability Steering Group in 2023.

GRI 3-1
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 8, 10, 11, 12, 13, 14, 15, 16, 17

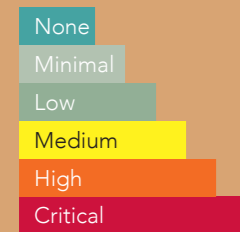
GRI 3-1
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 8, 10, 11, 12, 13, 14, 15, 16, 17

5. PRIORITIZING MATERIAL TOPICS

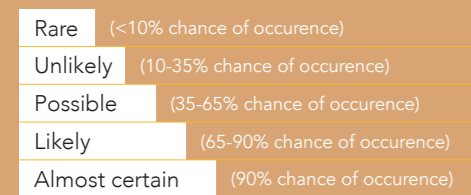
Through the double materiality analysis, the following results were drawn up:

IMPACT MATERIALITY

SEVERITY



LIKELIHOOD



The severity of the impact is determined:

Scale: how bad is the impact

Scope: how widespread is the impact

Irremediable character: how hard is it to counteract or reverse the harm

GOVERNANCE

GOV. 01	Employer attractiveness & job retention	High
		Likely
GOV. 02	Local community investment	Medium
		Possible
GOV. 03	Innovation & technology development	High
		Likely
GOV. 04	Financial stability & resilience	High
		Likely
GOV. 05	Product safety, quality & sustainability	Medium
		Possible
GOV. 06	Cybersecurity	Critical
		Likely
GOV. 07	Ethical practices in business relationships	High
		Likely
GOV. 08	Sustainable supply chain	High
		Likely

SOCIAL

SOC. 01	Training & development for staff	High
		Likely
SOC. 02	Staff diversity & inclusion	Medium
		Possible
SOC. 03	Staff welfare	High
		Likely
SOC. 04	Occupational health & safety	High
		Likely

ENVIRONMENT

ENV. 01	Biodiversity & animal welfare	Low
		Possible
ENV. 02	Emissions (aircraft & ground operations)	Critical
		Almost certain
ENV. 03	Aircraft fuel efficiency	High
		Likely
ENV. 04	Aircraft noise	Medium
		Likely
ENV. 05	Water management	Medium
		Possible
ENV. 06	Material & Waste management	Medium
		Possible

GRI 3-1
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 8, 10, 11, 12, 13, 14, 15, 16, 17

GRI 3-1
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 8, 10, 11, 12, 13, 14, 15, 16, 17

FINANCIAL MATERIALITY

GOVERNANCE

GOV. 01	Employer attractiveness & job retention	High
GOV. 02	Local community investment	Low
GOV. 03	Innovation & technology development	High
GOV. 04	Financial stability & resilience	High
GOV. 05	Product safety, quality & sustainability	Low
GOV. 06	Cybersecurity	High
GOV. 07	Ethical practices in business relationships	Medium
GOV. 08	Sustainable supply chain	Medium

SOCIAL

SOC. 01	Training & development for staff	Medium
SOC. 02	Staff diversity & inclusion	Low
SOC. 03	Staff welfare	Medium
SOC. 04	Occupational health & safety	Medium

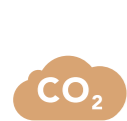
ENVIRONMENT

ENV. 01	Biodiversity & animal welfare	Low
ENV. 02	Emissions (aircraft & ground operations)	High
ENV. 03	Aircraft fuel efficiency	High
ENV. 04	Aircraft noise	Medium
ENV. 05	Water management	Low
ENV. 06	Material & Waste management	Medium

GRI 3-2
 UNGC CoP HR1, L1, E1, E12
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16

Material topics were established using a materiality threshold determined collectively by the key internal stakeholders.

Therefore our priority topics (material) are the following:



CARBON FOOTPRINT



FUEL EFFICIENCY



OCCUPATIONAL HEALTH & SAFETY



WASTE MANAGEMENT



EMPLOYEE WELFARE



ETHICAL PRACTICES IN BUSINESS RELATIONSHIPS



TRAINING & DEVELOPMENT FOR STAFF

GRI 3-2
 UNGC CoP HR1, L1, E1, E12
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16

Our secondary topics are:



AIRCRAFT NOISE



BIODIVERSITY AND NATURE PRESERVATION



LOCAL COMMUNITY INVESTMENT

NEXT STEPS

Fueled by a process of continual improvement and dialogue with all stakeholders, the Cargolux Sustainability Program is based on a progressive and inclusive program of stakeholder engagement. At its heart is the fine balance between stakeholder engagement, continuous focus on sustainable business practices and innovation.



OR

ABOUT CARGOLUX



VISION, MISSION, AND VALUES

OUR VISION

To be "The Global Cargo Carrier of Choice"

OUR MISSION

We deliver consistent flexibility and reliability through our valued and dedicated employees creating sustainable benefits for all stakeholders in a safe environment.

THE CARGOLUX SPIRIT

- Leading by example
- Respecting each other
- Working as a team
- Being dedicated and passionate
- Going the extra mile
- Being cost efficient
- Being flexible
- Delivering service excellence

OUR ACTIVITIES

Cargolux Airlines International S.A., headquartered in Luxembourg, is a leading provider of reliable, high-quality air cargo services, and the Global Cargo Carrier of Choice. In over half a century of operations, Cargolux has become an expert in handling a variety of delicate shipments. Live animals, perishables, temperature-sensitive commodities, and outsized freight, all benefit from Cargolux's experienced touch. The airline offers an extensive product portfolio that gives customers expert treatment for even the most unusual requirements. Cargolux is unequalled in the provision of services that call for management of sensitive and valuable shipments.

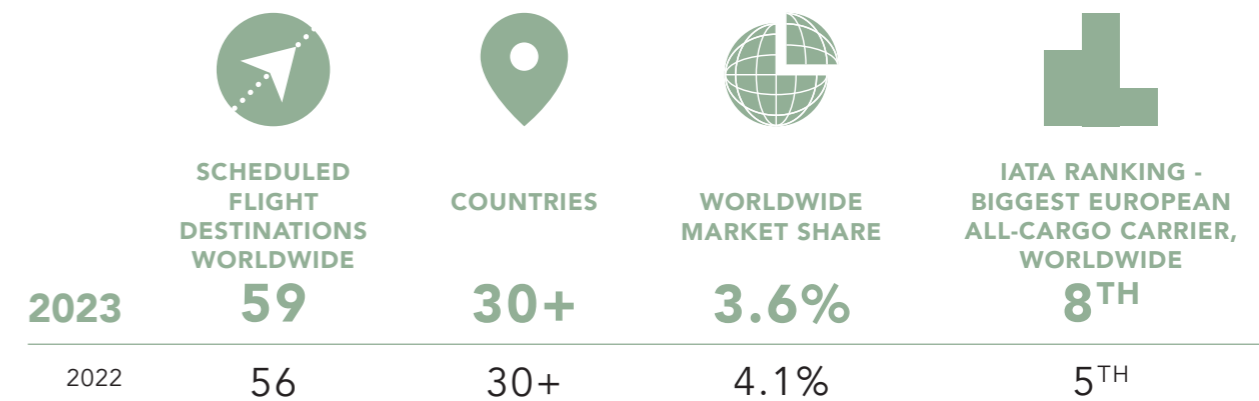
Starting with a single Canadair CL-44 swing-tail aircraft in 1970 with a capacity of about 30 tonnes, the company developed into Europe's number one all-cargo airline, ranking 8th in IATA's scale of freight operators. Cargolux was the world's first operator of both the 747-400F and the 747-8F. Today, the airline operates a fleet of 30 747 freighters. With more than 85 offices in over 50 countries, Cargolux works cooperatively with trucking contractors to move cargo over its worldwide network that covers some 75 destinations.

The Cargolux Group also offers aerial firefighting services through its dedicated unit Aquarius Aerial Firefighting.



Cargolux Italia, the airline's subsidiary based in Milan, was Italy's largest all-cargo carrier in 2021. Cargolux continues to build on its existing core competency, pushing global consistency and leveraging the evolution of its global network to fulfill industry-specific needs. The airline thinks beyond just the in-flight needs of its cargo. It responds to customers' door-to-door requirements.

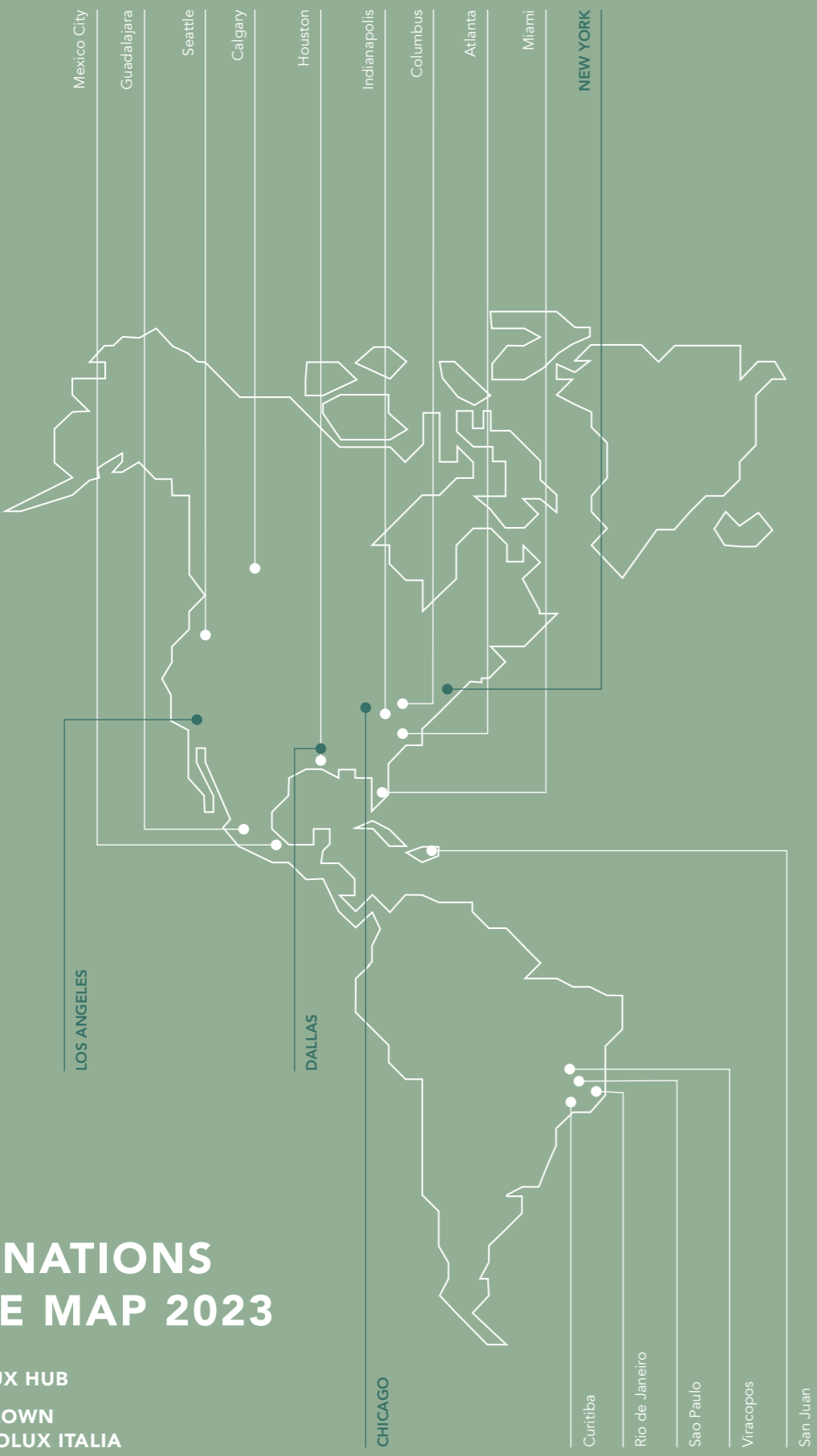
The company's flexible charter services offer the advantage of dedicated, tailored solutions for its clients. The airline operates a number of charter aircraft that can be booked and deployed at very short notice. With staff stationed across the globe, Cargolux Charter gives customers 24/7 coverage.

As well as regular fleet upkeep, Cargolux's maintenance center, based in Luxembourg, offers third-party maintenance services. Specialized in Boeing 747 maintenance, the airline offers a range of maintenance services such as, but not limited to, avionics modifications, structural repairs, worldwide AOG support and hangar maintenance up to and including C-checks.

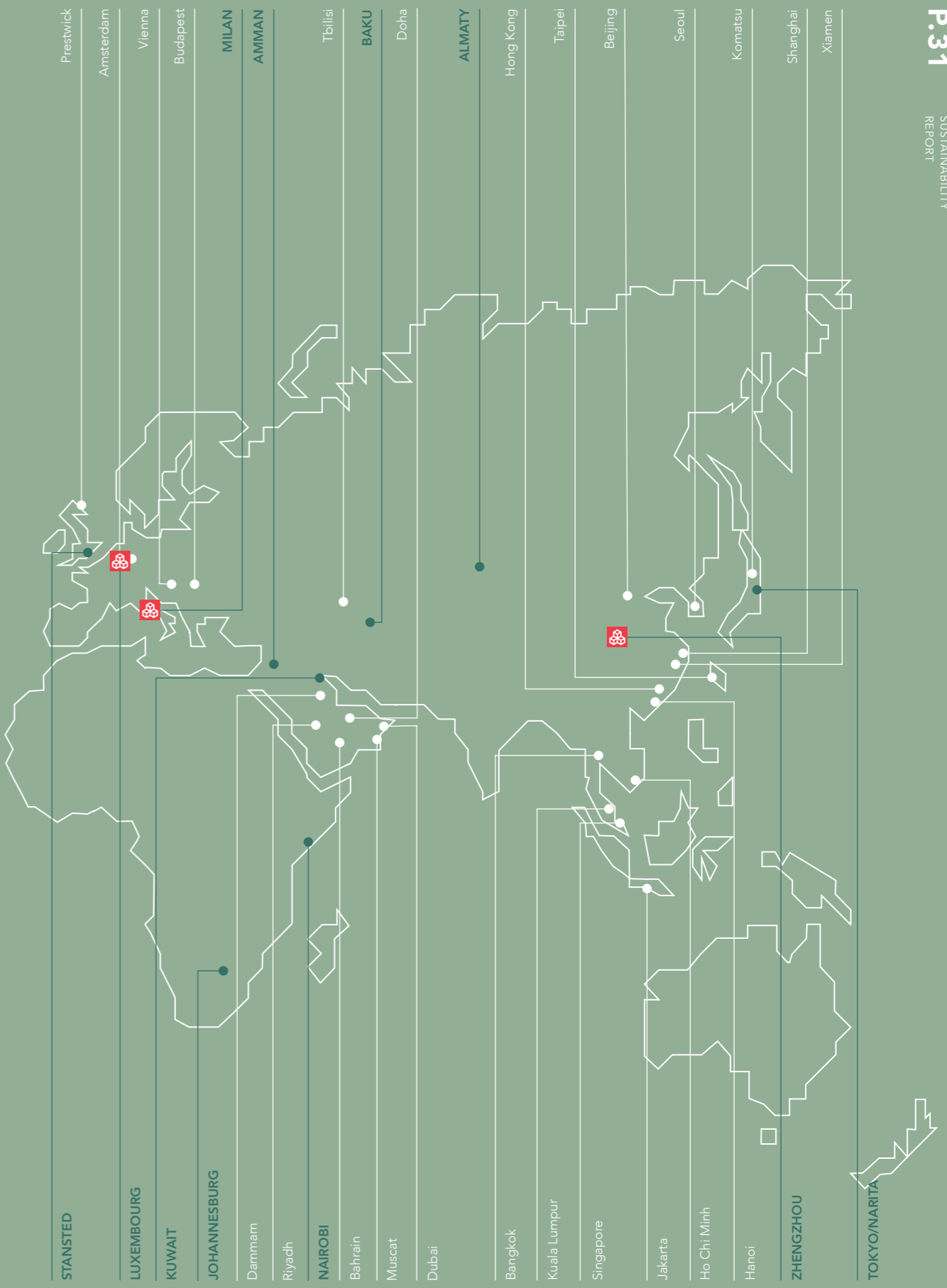


DESTINATIONS ROUTE MAP 2023

 **CARGOLUX HUB**
 (ALSO) FLOWN BY CARGOLUX ITALIA



> SUMMARY



> SUMMARY

BUILDING BRIDGES: COMPETENCY & CONFIDENCE

GRI 2-28

MEMBERSHIPS & COMMITMENTS

Cargolux takes its commitment to the business community and industry seriously. Integral to the development of industry-wide solutions are partnerships that can afford opportunities for expansion, progress, and advancement.

LIST OF INDUSTRY ASSOCIATIONS



AIRLINES FOR EUROPE (A4E)

Europe's largest airline association represents the interests of airline members and their customers



CARGO IQ

This IATA interest group improves end-to-end processes in the air cargo transportation industry



COOL CHAIN ASSOCIATION

GRI 2-28



SAFETY MANAGEMENT BEST PRACTICES

EASA CAT-CAT, IATA Safety Group, IATA Hazard Identification Task Force & EASA European Operators Flight Data Monitoring Initiative. These groups promote safety in the industry



GOOD DISTRIBUTION PRACTICE (GDP)

This certificate attests that Cargolux's management system meets World Health Organization guidelines and the EU directive "Guidelines on Good Distribution Practice of Medical Products for Human Use"



IAAIA International Association of Airline Internal Auditors



IATA

Trade association for the world's airlines helps to guide and formulate industry policies on critical aviation issues



INTERNATIONAL AIR TRANSPORT ASSOCIATION IATA TTF Time and Temperature Task Force



IATP International Airlines Technical Pool

GRI 2-28

ANIMAL WELFARE ASSOCIATION MEMBERSHIPS



ATA
Animal Transportation Association



IATA LAPB
Live Animal and Perishables Board



IPATA
International Pet and Animal Transportation Association



UFW
United for Wildlife

LUXEMBOURG ASSOCIATION MEMBERSHIPS



CHINALUX
China-Luxembourg Chamber of Commerce



CLUSTER FOR LOGISTICS
Association of logistics service providers, research institutes and other organizations, promoting members, optimizing activities, and building competencies



FEDIL
Business Federation Luxembourg



IIA LUXEMBOURG
Institute of Internal Auditors Luxembourg Chapter



LOIC
Luxembourg Open Innovation Club

GRI 2-28

SUSTAINABILITY MEMBERSHIPS



Chamber of Commerce Luxembourg
(Powering Business)



Transforming the world to sustainability
INSTITUTE OF ENVIRONMENTAL MANAGEMENT AND ASSESSMENT (IEMA)



IMS LUXEMBOURG
Inspiring More Sustainability



INDR
Luxembourg's National Institute of Sustainable Development



RSB
Roundtable on Sustainable Biomaterials



UN GLOBAL COMPACT
Cargolux pledged to act in a socially and environmentally responsible manner in 2007 and to support the SDGs in 2016



VISION ZERO
Reducing the number and severity of workplace accidents

SUSTAINABILITY COMMITMENTS



LUXEMBOURG'S DIVERSITY CHARTER



IATA 25 BY 25



IMS LUXEMBOURG
Zero Single Use Plastic Pledge



PACTE NATIONAL ENTREPRISES ET DROITS DE L'HOMME

LUXEMBOURG'S NATIONAL PACT
"Businesses and Human Rights"

SUSTAINABILITY RATINGS



ECOVADIS' GOLD RATING
Based on the sustainable development standards of the Global Reporting Initiative (GRI), the United Nations Global Compact, and ISO 26000, this rates sustainability in global supply chains and the airline's corporate social responsibility performance








ESR LABEL BY INDR
Cargolux has been recognized as 'Socially Responsible Enterprise' by Luxembourg's INDR

GRI 3-3
GRI 201-1

AT A GLANCE

Cargolux is focused on creating value for its stakeholders by enhancing its positive impact and mitigating the adverse effects of its operation. In order to provide sustainable, long-term benefits, the company relies on different capitals – human, intellectual, natural, manufactured, etc. – that it must continuously invest in and develop.

CONSOLIDATED FIGURES		2023	2022	2021	2020
	Total income in USD '000	2,974,582	5,078,823	4,428,786	3,170,697
	Profit/(loss) for the year in USD '000	286,480	1,578,627	1,295,297	768,669
	Shareholders' equity in USD '000	4,491,577	4,530,729	3,130,982	1,930,505
	Tonnes sold*	997,533	1,138,668	1,241,569	1,106,621
	Tonne-kilometers flown (millions)*	8,241	9,499	10,210	8,893
	Available tonne-kilometers (millions)*	12,627	13,725	14,021	12,969
	Employees worldwide (CV & C8)** (as at December 31)	2,540	2,539	2,477	2,382
	Luxembourg (as at December 31)	1,867	1,888	1,830	1,740
	Boeing 747-8 freighters (units)	14	14	14	14
	Boeing 747-400 freighters (units)	10	10	10	10
	Boeing 747-400ERF (units)	6	6	6	6
	Air Tractor AT-802F Fire Boss***	3	N/A	N/A	N/A

* Some comparable figures have been recomputed using the current year methodology to align their comparison. No material impact has resulted from this recomputation.

** Cargolux (CV), Cargolux Italia (C8)

*** The Air Tractor AT-802F Fire Boss aircraft were introduced as part of Cargolux's new business unit Aquarius Aerial Firefighting which was introduced in 2023.



GRI 2-9
 UNGC CoP G5, G11
 UNGC Principles 1, 6, 7, 10
 SDGs 5, 8, 16

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Tom Weisgerber

Chairman of the Board of Cargolux
 Premier Conseiller de Gouvernement,
 Ministry of Mobility and Public Works,
 Director

Giovanni Giallombardo

Chairman of the Board of Luxair S.A.,
 Director

Jacques Flies¹

Ministre plénipotentiaire,
 Ministry of State
 Director

Christine Goy²

Secrétaire Générale du Gouvernement
 Ministry of State
 Director

Jianmin Liu

General Manager
 Henan Province Airport Group Co., Ltd.,
 Director

Patrick Nickels

Premier Conseiller de Gouvernement
 Ministry of the Economy,
 Director

Marc Reiter

Chargé de Direction,
 Direction des transports aériens
 Ministry of Mobility and Public Works
 Director

Binbin Shi

General Manager PMO, HNCA
 Head of the Culture &
 Tourism Department, HNCA
 Director

Françoise Thoma

Chief Executive Officer,
 Banque et Caisse d'Épargne de l'État,
 Director

Dongge Wang

Deputy Manager of Operation Management
 Department
 Henan Civil Aviation Development &
 Investment Co., Ltd.,
 Director

Dirk Becker

Captain,
 Director, Staff Representative

Astrid Mosel-Kneip

Director, Staff Representative

Fabien Kowolik

Foreman/MCC,
 Director, Staff Representative

Johannes Wingenfeld

Captain,
 Director, Staff Representative

Yves Zimmer

Technician (Sr) Line & Hangar Maintenance,
 Director, Staff Representative

COMMITTEES OF THE BOARD OF DIRECTORS

COMPENSATION COMMITTEE

- Jacques Flies¹
- Christine Goy²
- Françoise Thoma
- Dongge Wang
- Tom Weisgerber

AUDIT COMMITTEE

- Patrick Nickels (Chairman)
- Françoise Thoma
- Binbin Shi
- Tom Weisgerber

¹ Until 1 December 2023
² Since 14 December 2023

GRI 2-9
 UNGC CoP G5, G11
 UNGC Principles 1, 6, 7, 10
 SDGs 5, 8, 16

EXECUTIVE COMMITTEE

RICHARD FORSON



President and Chief Executive Officer

DOMENICO CECI



Executive Vice-President Sales & Marketing

MAXIM STRAUS



Executive Vice-President and Chief Financial Officer

ONNO PIETERSMA



Executive Vice-President Maintenance & Engineering

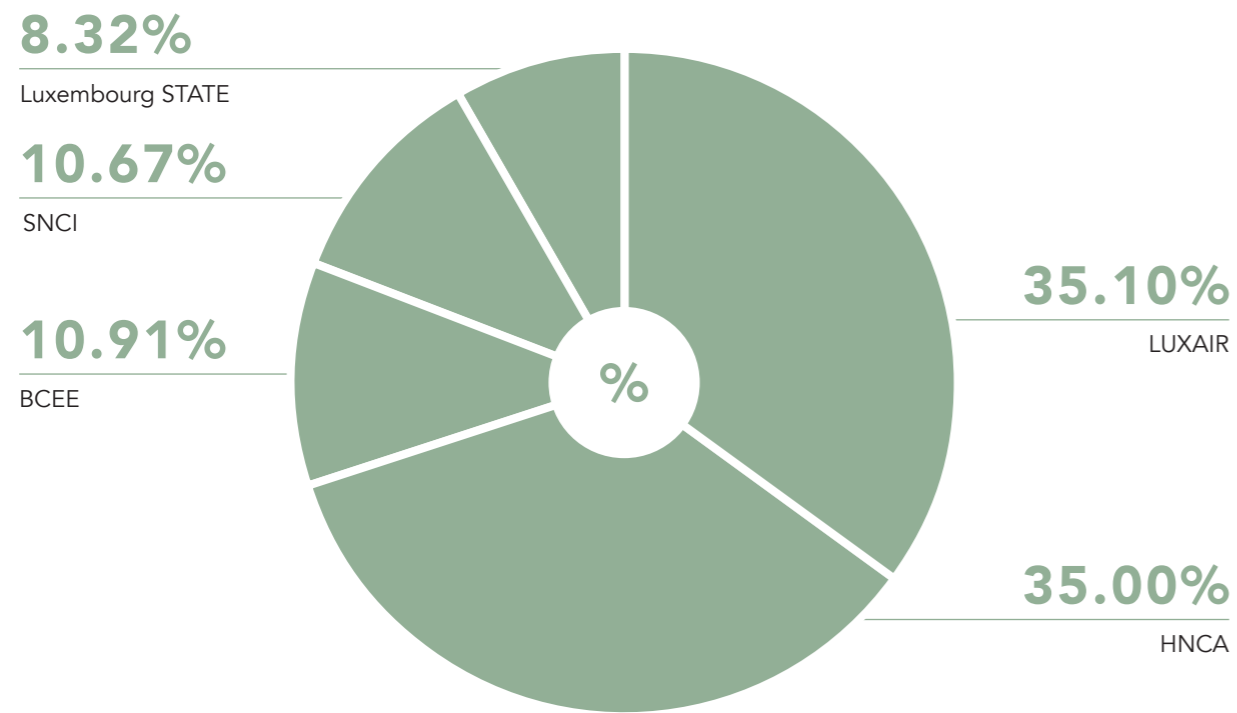
CLAUDE ZEHREN



Executive Vice-President Flight Operations

GRI 2-9

SHAREHOLDER STRUCTURE



OPERATIONAL STRUCTURE OF THE ORGANIZATION



SUSTAINABILITY GOVERNANCE

4

GRI 2-9
 UNGC CoP G5, G11
 UNGC Principles 1, 6, 7, 10
 SDGs 5, 8, 16

SUSTAINABILITY STRUCTURE

In 2023, a dedicated Sustainability department was created, under the leadership of the newly created role of Chief Sustainability Officer (CSO). This team functions as Subject Matter Experts for the company to coordinate the sustainability work within Cargolux. As well as creating a more formal and structured approach regarding sustainability topics and projects, the Sustainability department oversees the development of strategies to support the airline's sustainability ambitions.

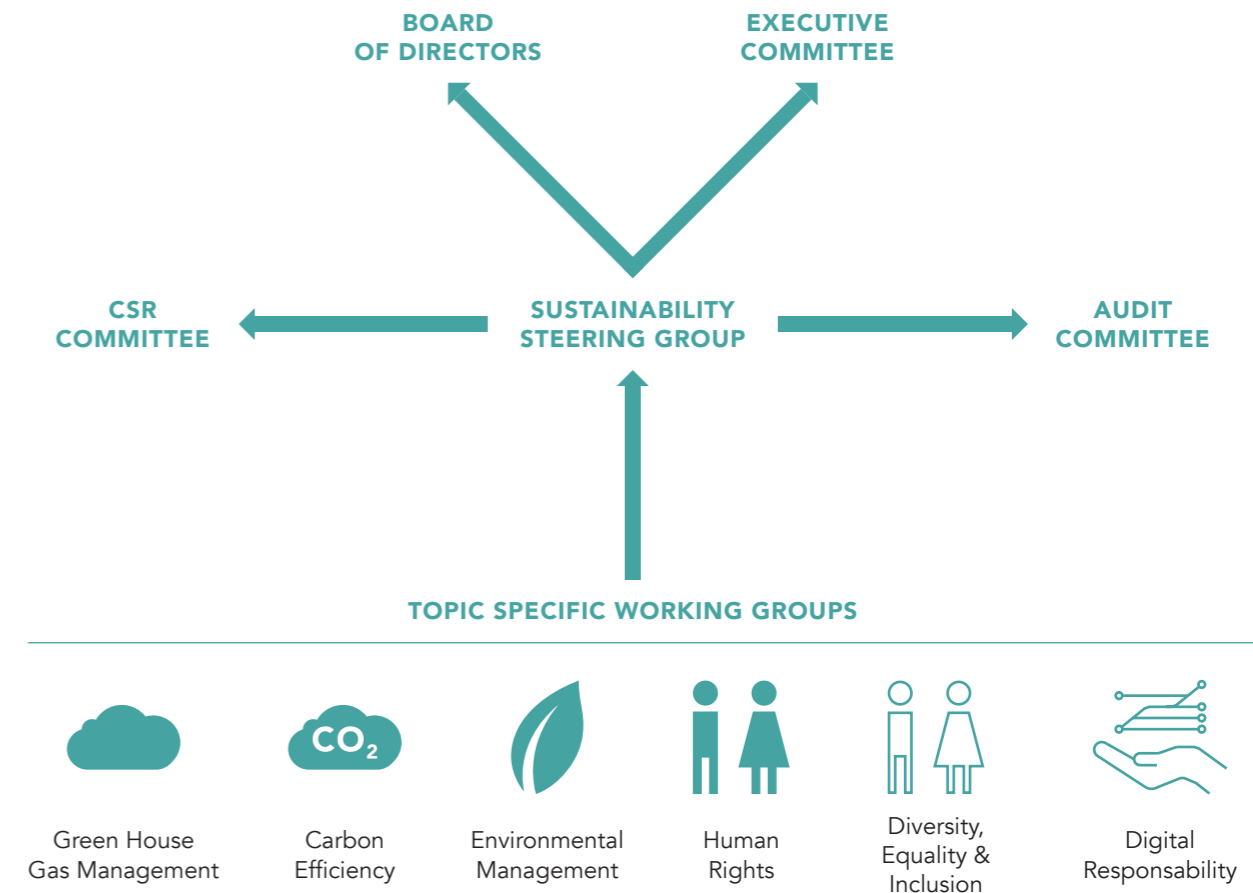
Consequently a Sustainability Steering Group (SSG) was created to involve executive and senior management in the implementation and governance of sustainability topics as well as defining the direction and priorities for Cargolux's sustainability goals. The group is chaired by the CSO and comprises key internal stakeholders from across the organization including the Executive Committee (EXCOM), and Senior Executives from Compliance, IT, Procurement, Human Resources, Cargolux Italia, and Luxcargo Handling. Dedicated working groups have been introduced to manage the implementation of the strategy throughout the company.

A sustainability strategy was adopted in 2023. It is based on the three sustainability pillars of; environmental, social, and governance topics. As a leading all-cargo airline operating wide-body aircraft on a global network, one of the primary focuses of Cargolux's Sustainability journey is decarbonization. Other material aspects include Human Rights and Diversity, Equity, & Inclusion (DEI); topics which have been identified as material for Cargolux. The airline is also actively preparing for the implementation of the European Union's Corporate Sustainability Reporting Directive (CSRD).

"IT IS IMPORTANT TO RECOGNIZE THE EXCELLENT WORK THAT HAS BEEN DONE AT CARGOLUX THROUGHOUT THE YEARS AS A SOLID FOUNDATION FOR OUR SUSTAINABILITY STRATEGY. WE NOW LOOK TOWARDS THE FUTURE TO DELIVER ON OUR SUSTAINABILITY COMMITMENTS."

TERTIUS BENEKE
 Chief Sustainability Officer

Drive the delivery of programs and the achievement of objectives and targets.

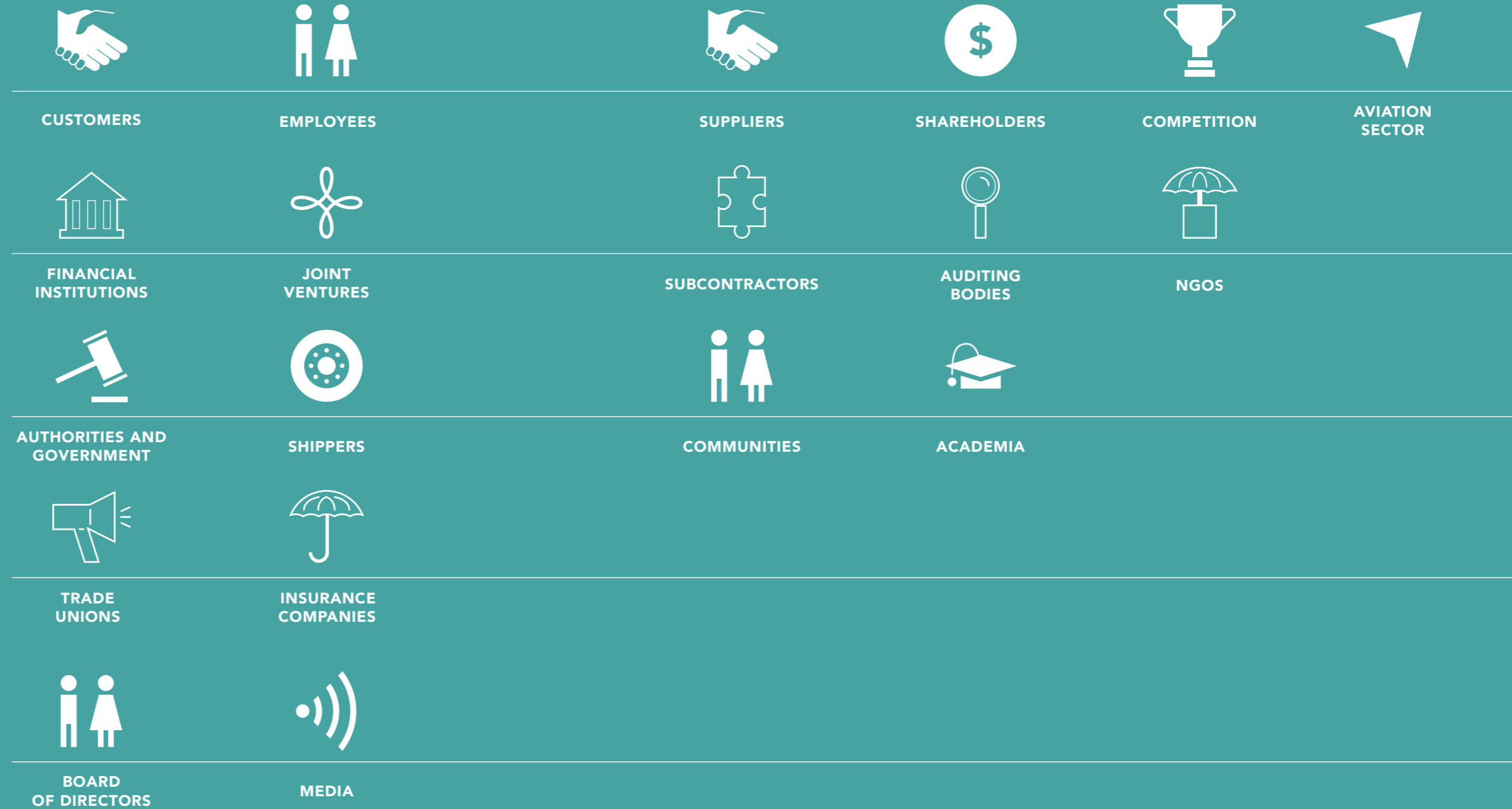


GRI 2-29
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 8, 10, 11, 12, 13, 14, 15, 16, 17

GRI 2-29
 UNGC CoP HR3, L2, E2
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 8, 10, 11, 12, 13, 14, 15, 16, 17

STAKEHOLDERS

Cargolux's sustainability approach is based on continuous dialog with internal and external stakeholders with whom Cargolux interacts at various levels:



05

TOPICAL PERFORMANCE & PROGRESS



05.1

ENVIRONMENT

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GRI 3-3, 2-23, 2-24, 2-26, 2-27, 2-29
 UNGC CoP G8, G8.1, E1, E1.1, E2, E3, E4,
 E4.1, E4.2, E5
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 1, 2, 3, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16

ENVIRONMENTAL MANAGEMENT SYSTEM

The Cargolux Environmental Management System (EMS) established in 2009 covers all Luxembourg based activities and is ISO 14001:2015 certified. The system is the main tool for control and implementation of Cargolux's environmental performance and aims to enhance the overall company environmental performances, conform with all legal obligations and fulfill its environmental objectives yearly.

Some environmental impacts, risks and opportunities are foreseen for which the ISO certified EMS directly contributes in leading company actions. These elements relate to climate change, air quality, noise pollution, substance dissipation in the environment and impacts on local populations. The company has identified several actions related to the deployment and use of renewable sources and technologies across its activities, the training of its workforce, and the optimization of processes and practices.

The Cargolux EMS includes an Environmental Policy which outlines the company commitments to sustainable development and corporate citizenship, the compliance with environmental laws and regulations, the reduction of the company's environmental footprint, pollution prevention, and the improvement of environmental performances. The policy further commits to all instances of transparency and communication.

The Environmental Policy and the ISO certified EMS are implemented throughout the company by a mandatory Environmental Awareness e-learning provided to all employees and new hires. Company-wide trainings are also provided to relevant functions according to their responsibilities.

Environmental management is complemented by periodic actions such as the annual emissions verification audit, annual spill-tests, quarterly regulatory watches and regulatory controls on air emissions.

The EMS and all instances of environmental management are directly under the control of the company's Executive Committee and contribute to the progress of the company under multiple voluntary initiatives such as the commitments made under the UN Global Compact, the support of the UN 2030 Agenda and its SDGs, and the commitments made in the company Sustainability Strategy.

Since 2023, a new Sustainability Strategy has been established, including a dedicated Carbon Efficiency Working Group chaired by the CFO serving as a forum for discussion on carbon efficiency.

A dedicated intranet page is available to all employees including all documentation, policies, handbooks and procedures as well as instruction material. The internal staff newsletter also contains articles and updates on environmental progress. Furthermore, external communication on environmental performance progress is done through sustainability reporting, the company's dedicated webpage.

The Manager Environmental Management is in frequent contact with the airport community's environmental managers through the Lux Airport Environmental Committee (LAEC). The Committee works on common projects and the sharing of best practices amongst the airport operators of Luxembourg and is chaired by Lux Airport.

Environment-related complaints placed by authorities via the Flight Operations division related to noise pollution. These complaints are duly assessed and investigated through processes detailed and available in the EMS documentation and the Flight Operations activities.

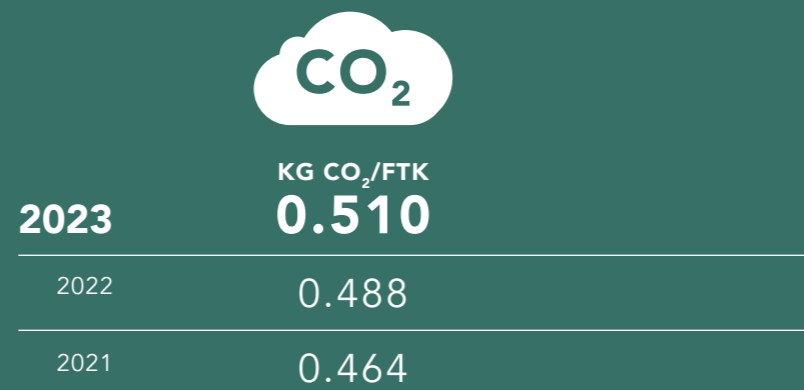
Carbon efficiency:
 GRI 305-4
 UNGC Principles 7, 8
 SDGs 13, 14, 15

GRI 305-1, 305-2, 305-3
 UNGC CoP E6, E7, E7.1
 UNGC Principles 7, 8
 SDGs 1, 2, 3, 7, 11, 12, 13, 14, 15

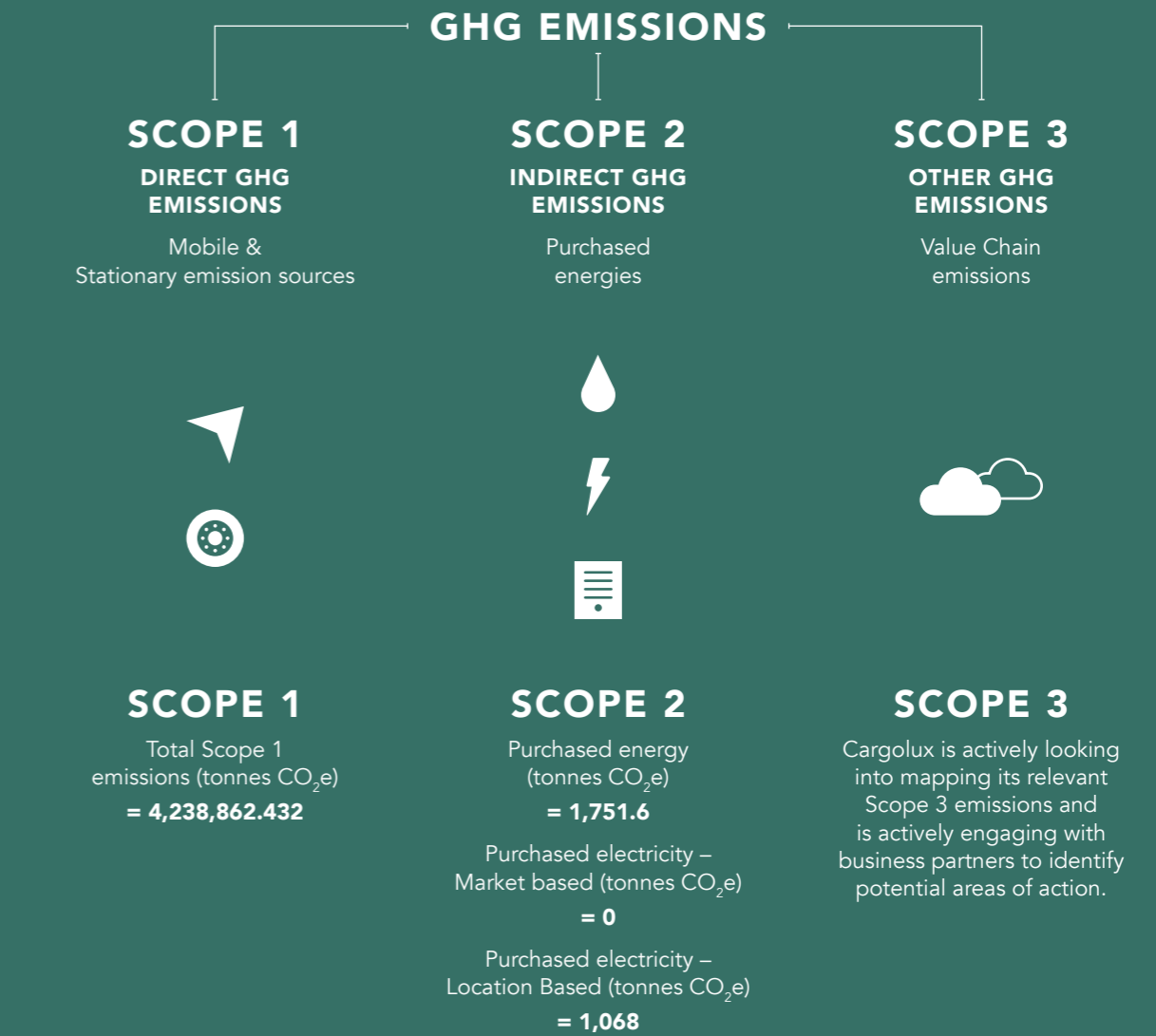
EMISSIONS

CARBON EFFICIENCY

In 2023, global geopolitical tensions and the ongoing war in Ukraine, further compounded by the outbreak of the armed conflict in Gaza continued to affect flight paths. Cargolux achieved a carbon efficiency of 0.510 kg CO₂ / FTK.



CARBON FOOTPRINT



As an all-cargo airline serving a global network, Cargolux recognizes its impact and works to identify areas of improvement. Cargolux strives to promote environmentally sound operations and works to mitigate adverse effects. With a special focus on environmental protection, the company invests resources and finances to preserve ecosystems, promote animal welfare, and reduce emissions.

In 2023, Cargolux underwent an intensive exercise with an external partner to align its emissions reporting in accordance with the GHG Protocol. This is reflected in a more detailed carbon inventory that allows for a better overview of Cargolux's emissions by scope. This alignment is an integral part of the Sustainability Strategy adopted in 2023. For 2023, Scope 1 and Scope 2 have been aligned with the Protocol, with plans to further align Scope 3 emissions in the future.

Several actions have been taken on reducing Cargolux's emissions. Since 2021, Cargolux has a Sustainable Aviation Fuel Program which includes partnerships with costumers for the uptake of the use of SAF. Furthermore, 777-8F have been ordered to replace the 747-400 freighters in the fleet. Additionally, an improvement plan is under development for Ground Support Equipment (GSE) vehicles which includes a gradual replacement of combustion cars with e-vehicles.

TRUCKING





Cargolux offers extensive Road Feeder Services worldwide through a network of contracted trucking companies. After the peak years of 2021 and 2022 marked by covid-driven volumes, the situation normalized in 2023. However, given the increased industrial activity, road congestion as well as bottlenecks at loading and offloading stations also intensified throughout the year.





Looking at the distances traveled in 2023, the trend indicates that the average distance for trucking services lengthened. Cargo required to be picked up further afield reflecting the difficulties faced by the market environment. With a focus on load factor, the average load factor on truck increased by 1.3%.



A major undertaking in 2023 was the implementation of the new cargo management system, iCargo. This new system will allow for a better overview on average load factors per truck to identify area of potential improvement. This will raise awareness for the planning department to consider optimized solutions while upholding customer expectations.

Another project in the pipeline for 2024 is the introduction of a hydrogen fueled truck specially designed for air cargo. The vehicle will operate on behalf of Cargolux five times a week between Luxembourg and Frankfurt. This initiative will give insight on how this new technology can be applied in day-to-day operations.

Since Cargolux operates through contracted trucking companies, agreements signed with the counterparties cover OHS and environmental aspects to ensure trucking companies provide an adequate working environment for their employees.

				
TRUCKING 2023	LOAD FACTOR (VARIATION)	MIO KM (VARIATION)	TONNES CARRIED (VARIATION)	TRUCKS (VARIATION)
2023	+1.3%	-7.1%	-9.8%	-9.4%
2022	-0.8%	-7.8%	-11.3%	-10.0%

				
FLIGHT OPERATIONS 2023	8,241 MILLION TONNE-KM FLOWN *	138,387 TOTAL BLOCK HOURS (INCLUDING ACMI)	13:45 AVERAGE DAILY A/C UTILISATION	30 NUMBER OF AIRCRAFT
2022	9,499	150,152	14:36	30

		
FLIGHT OPERATIONS 2023	65.3% OVERALL LOAD FACTOR **	997,553 TONNES SOLD (INCL. C8) *
2022	69.2%	1,138,668

* Some comparable figures have been recomputed using the current year methodology to align their comparison. No material impact has resulted from this recomputation.

** In 2022, an incorrect figure had been reported due to a computing error. The figures presented have been accordingly rectified



SUSTAINABLE AVIATION FUEL (SAF)

During the year, Cargolux made significant progress in Sustainable Aviation Fuel (SAF) related projects. The all-cargo carrier became the first airline to uplift SAF at Luxembourg airport, its home base. This milestone was inaugurated on a Luxembourg-Zhengzhou service. On the return flight from Zhengzhou, Cargolux also had the honor of becoming the first foreign airline to uplift SAF in China for an inter-continental flight. Furthermore, as part of its SAF program, Cargolux continued to increase its SAF uplift at Amsterdam Schiphol Airport (AMS).

Going one-step further in the commitment to reduce CO₂ emissions, Cargolux signed a landmark collaboration and long-term offtake agreement with Norsk E-Fuel, a company promoting the industrial production of SAF based on CO₂, water, and renewable electricity. Investing in new and clean technologies will allow Cargolux to both reduce the carbon impact of its operations and to expand customers offerings for more sustainable solutions.

Customer feedback on the SAF program has been very positive overall and Cargolux's partners have expressed interest in continuing the collaboration. Strong partnerships are crucial to ensuring a sound future for the aviation industry and customers have recognized Cargolux's effort and initiatives to promote SAF. The airline's responsiveness, provision of SAF, certification process, and third-party auditing have been highlighted and assets among the customer base.

Fuel savings only:
GRI 302-4, 305-5
UNGC CoP E10
UNGC Principles 7, 8
SDGs 7, 8, 12, 13

The interest in alternative fuels is strongly growing in parallel with customer requirements regarding specific feedstock, minimum GHG emission reduction, and providers. Furthermore, concerns such as the actual emissions of shipped goods and CO₂ emissions as a criterion in tender requests are becoming more commonplace. As these demands grow, Cargolux is keen to embrace these new requirements and explore avenues for diversification. Moreover, Cargolux continues to strengthen its focus on advancing operational efficiency initiatives through measures such as weight and route optimization, aircraft fuel efficiency, and ground operational procedures.

MOBILITY

Cargolux encourages employees to adopt flexible and sustainable practices to reduce their own impact. Charging stations for e-vehicles are available for employees at the HQ car park. The company also has a car allowance program for Managers where an incentive is granted for hybrid and e-vehicles.

GRI 2-27
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 16

REGULATORY COMPLIANCE

Cargolux is committed to reducing the adverse effect of its operations on the environment and is fully compliant with carbon regulatory schemes (EU ETS / UK ETS / CORSIA).

In 2023 Cargolux initiated its preparation for the implementation of the EU Carbon Border Adjustment Mechanisms (CBAM) Regulation. A broad range of actions were taken to engage with suppliers and monitor data compliance with CBAM, which will be first reported in the early stages of 2024.

GRI 306-2, 306-3, 306-4, 306-5
 UNGC CoP E19, E20
 UNGC Principles 7, 8
 SDGs 3, 6, 8, 11, 12, 14, 15

ENVIRONMENTAL MANAGEMENT

WASTE

Waste management is a cornerstone of Cargolux's environmental program and an area of continuous action throughout the company. Continuous assessment and analyses ensure all areas of potential improvement are explored and departments and individuals are encouraged to share ideas on the topic.

	2023	2022	2021
HAZARDOUS WASTE			
Composted (kg)	2,000	168,010	134,500
Other (kg)	228,981	96,828	289,191
Recycled (kg)	8,949	3,443	7,945
Recovered (kg)	19,726	66,093	0
TOTAL	259,656	334,375	431,636
NON-HAZARDOUS			
Landfilled (kg)	0	2,320	0
Other (kg)	34,369	151,572	141,150
Recycled (kg)	99,913	115,822	123,241
Recovered (kg)	118,660	0	0
TOTAL	252,942	269,714	264,391

GRI 303-5
 UNGC Principles 7, 8, 9
 SDGs 6

MATERIALS

While not a material topic identified in the company's Materiality Matrix, Cargolux recognizes the importance of resource management. In 2023, a project was launched by the Global Logistics division to purchase biodegradable plastic to be used for cargo purposes. Furthermore, wood used for pallets and cargo is recycled to contribute to more efficient resource management practices.

At office level, Cargolux has initiated actions to comply with the IMS's Zero Single Use Plastic pledge. Actions taken include the replacement of plastic cups in vending machines, replacement of plastic water bottles by glass in meeting rooms and canteen, as well as practices to avoid the use of plastic wrapping in the canteen services when possible. Flights originated in Luxembourg are now using bamboo cutlery, rather than plastic.

Showing support for local artistic talent, Cargolux has crossed the passion for aircraft with art and collaborated with the Luxembourgish based artist Jacques Schneider to create a line of accessories and items made from re-purposed cargo straps, in its first upcycling project ever.

WATER

For 2023, the total water consumption within the company activities in its headquarters and maintenance center was of 10,572 m³.

NOISE ABATEMENT

Cargolux operates a fleet of 30 Boeing 747 freighters. The engine technology and wing design of the 747-8F reduces the 85db take-off noise footprint of the 747-400F by 30%. Tailored procedures have been introduced to further reduce noise (flaps management, idle reverse thrust, 3-engine taxi-in).

BIODIVERSITY & NATURE PRESERVATION

Lux-airport, the owner of the Cargolux premises launched an appeal for members of the airport community to build insect hotels to be installed on the airport grounds. Several Cargolux employees took part in the initiative and built home-made structures from recycled material to provide shelter for the local fauna. The insect hotels were installed in the grassland in front of the Cargolux building and are home to thriving communities of insects.

GRI 302-3, 303-5, 306-3
 UNGC CoP E19
 UNGC Principles 7, 8, 9
 SDGs 3, 6, 7, 8, 11, 12, 13, 14, 15

As a complement to this initiative, Cargolux in cooperation with Lux-airport, installed 10 beehives on the HQ grounds. The bees provide pollination around the airport and contribute to the environmental balance of the area. The hives also serve as a basis to monitor the flora in the airport vicinity. Indeed, as part of the annual bio-monitoring study, a dusting of pollen transported by the bees is gathered everyday by a pollen trap placed at the entrance of the hive. These samples are gathered 8 times a year and analyzed 4 times per year to get an idea of the natural environment in the area. The results of this analysis allow the company to establish a map and identify the nature of the flora year-round and the presence of non-native or invasive species. The bio-monitoring study also recorded the level of heavy metals and pesticides in the pollen and the results were highly satisfactory. The evolution of the environment will be analyzed over time and potential areas of action could be identified at a later stage.

Cargolux has also entered a long-term partnership with the *Fondation Hellef fir d'Natur* (Help For Nature Foundation) one of the country's best-known nature conservation charities. The company will sponsor an environmental conservation and restoration program over a three-year period. This initiative will help preserve local species and preserve highly valuable habitats.

Strongly committed to animal welfare, Cargolux is a member of IPATA, ATA and IATA LAPB further solidifying its commitments and approach to animal welfare.

The airline is signatory of the United for Wildlife, which aims to fight illegal wildlife.

> SUMMARY

				
	SPILLS REPORTED BY M&E ON P7	ACCIDENTAL SPILLAGE IN CMC / HANGAR	TOTAL WASTE GENERATED	WATER
2023	3	5	512,598	10,572
2022	2	1	604,089	10,007

> SUMMARY

05.2

ETHICAL PRACTICES IN BUSINESS RELATIONSHIPS

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GRI 2-15, 2-23, 2-24, 2-26, 2-27, 2-29, 3-3, 205-1, 205-2, 205-3, 206-1
 UNGC CoP G2, G3, G6, G-7, G7.1, G8, G8.1, AC1, AC1.1, AC2, AC3, AC3.1, AC4, AC5, AC6, AC7, AC8
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9 & 10
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17

COMPLIANCE & ETHICS

Cargolux is an established leader in the air cargo sector, operating on a global network that spans the world. Strongly committed to ethical and sustainable business practices, the airline aims to act as a benchmark for integrity in the industry. For the past 15 years, the dedicated Compliance department has served as a pivotal department to safeguard the business, its activities, and its integrity.

As an all-cargo airline, one of the main focus of Cargolux compliance function is export controls, whose activities revolve around 2 axes, the proactive and the reactive processes. The former, Compliance defense, oversees shipment verification, especially for sensitive cargo such as military or dual-use. The latter, on the hand, screens FHL (Consolidation List Message) and (FWB) Freight Waybills sent by customers against a pre-defined list of criteria.

As a key component in the global supply chain, air cargo is subjected to numerous rules, regulations, and recommendations in order to ensure a secure and ethical end-to-end process.

Cargolux does not only care about its own integrity but gives the highest importance to build solid partnerships with entities sharing the same values and ethical principles. In that frame and since 2010, Cargolux conducts a comprehensive Know Your Supplier (KYS) program which is complemented by a Know Your Customer (KYC) process since 2021. In general vendors and customers understand and support this vetting process which brings additional transparency to the entire supply chain.

A full review of business partners to ensure their processes align with those of Cargolux, was also conducted during the 6 stations visits performed in 2023. This allows for transparency and overview of the role Cargolux plays within global trade lanes.

The team is also involved internally to support and guide the different business divisions in their tasks. They conduct numerous monitoring activities such as periodic checks for sampled invoices, charters, expense & credit card reports including the Gifts & Entertainment Register, internal & external travelers, new SAP vendors, GSA invoices and interline. A consultation desk has also been established to respond to any query related to compliance topics, including for policies' interpretation.

Calls are regularly organized with country manager across the network to foster open communication and ensure any concerns can be addressed in a timely manner. In order to raise awareness on Compliance topics, a dedicated Compliance newsletter was launched in 2023.

Communications are also sent out whenever there is an update concerning Compliance policies or procedures. In 2023, updates were issued of the Sanctions, Export Controls and Operational Restrictions Policy, the KYS and KYC Policy, the Corporate Reporting and Whistle-blowers Protection Policy, the Corporate Retention Policy, and the Business Integrity Handbook. Further communications and stakeholder engagement included a survey about Compliance training.

Trainings are organized for both new joiners and for current employees highlighting topics such as: code of conduct, competition law, antibribery, export controls, and data protection. Participants are encouraged to give feedback after the sessions to allow for continual improvement of training material and methodology. In 2023, trainings on Compliance topics represented a total of 8,783 hours for all employees, as well as for the appointed GSAs and OSSAs.

Internal awareness on compliance matters is crucial to uphold Cargolux's ambition of being the benchmark for integrity in air cargo. To ensure a comprehensive approach, the Internal Audit Department includes a review of compliance processes in their internal yearly audits. A significant part of the Compliance Program is evaluating the effectiveness of the compliance processes. All existing policies are reviewed and updated where required to ensure the highest compliance standards are achieved.

Management approach

From an economic point of view, by combating corruption, bribery and anti-competitive behavior, Cargolux reduces the misallocation of resources and prevents unfair market practices. Moreover, anti-corruption and anti-bribery policies protect human rights by ensuring fair access to resources and opportunities, promoting social justice, and preventing exploitation of vulnerable communities. By addressing these practices Cargolux aims to promote fair competition, leading to improved efficiency and lower prices for cargo transportation services for the final customer.

The engagement of third parties working on behalf of Cargolux (e.g. overflying agents representing CV, OSSAs) may be perceived as a risk for these functions, but all the controls are being put in place to prevent non-compliant behavior. For 2023, a new risk has been identified with the creation of Cargolux's new aerial firefighting business unit. Dedicated aircraft acquisitions were made, which triggered high risk corruption transactions as identified in the relevant due diligence report. Additionally, this business line requires interactions with public authorities as well as taking part in public tenders for the provision of these services at a national level. Another identified risk regarding Anti-Competitive Behavior is rooted in the reality that some airports to which Cargolux operates might present a risk of monopoly of fuel and handling due to locally established practices.


GRI 2-15, 2-23, 2-24, 2-26, 2-27, 2-29, 3-3, 205-1, 205-2, 205-3, 206-1
 UNGC CoP G2, G3, G6, G-7, G7.1, G8, G8.1, AC1, AC1.1, AC2, AC3, AC3.1, AC4, AC5, AC6, AC7, AC8
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9 & 10
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17

GRI 205-1, 205-3
 UNGC CoP G6, AC5
 UNGC Principles 1, 7, 10
 SDGs 5, 8, 16

The company's Anti-bribery, Corruption and Gifts Entertainment policy is grounded in a commitment to ethical conduct, integrity, and transparency. The offering, giving, solicitation, or acceptance of any form of bribery or corrupt behavior, whether directly or indirectly, by any employee or representative of the company is strictly prohibited. This policy applies to all interactions with government officials, business partners, suppliers, and any other third parties. Cargolux adheres to all applicable laws and regulations concerning anti-bribery and corruption in all countries in which it operates and expects all employees, business partners and agents to respect these standards without any exception. Cargolux also has an established Anti-Trust policy and monitoring activities on the topic.

Cargolux has a full spectrum of Compliance trainings that are compulsory for all new hires and existing employees. The thorough Anti-Corruption and Bribery, as well as the Antitrust training programs in place are tailored to employees based on their position and the extent to which they are subject to potentially breaching the law, ranging from Basic to Advance levels. After each eLearning or webinar (depending on the module level), employees must complete a quiz that tests their knowledge and capability to apply what they have learnt to real-life situations. Feedback is further required from the participants after the completion of the eLearning and/or after the online training session. The Compliance department monitors whether training participants fail or pass the final quiz, and follow-up calls are organized for those who fail in order to clarify the subject. Furthermore, the Compliance department constantly updates all Compliance related materials and informs Management to evaluate future action on trainings, such as the need to update a policy.

Employees are encouraged to address any issue through the Compliance consultation desk. In 2023, 3,710 Compliance consultation desk inquiries were answered on numerous topics. The company also offers a third-party reporting channel called SpeakUp. If anything is raised to compliance through the consultation desk or reporting channel, an investigation is launched and followed up with the employee or agent in order to mitigate the situation. If anything is detected, it is reported to the relevant authorities. For monitoring activities on expense reports, invoices, SAP vendors, if there is any suspicion of bribery, there is a follow-up with the relevant employee to clarify the situation and make sure that proper action is taken. More high-risk vendors are always subjected to the due-diligence activities of the Compliance department through a proactive approach. In 2023, there have been no incidents of corruption confirmed. Furthermore, no legal actions on corruption or anti-competitive behavior have been filed in 2023.

			
2023	3,710 COMPLIANCE CONSULTATION DESK INQUIRIES ANSWERED	6 STATION VISITS	98 DUE DILIGENCE CHECKS
2022	3,099	3	73
			
2023	0 INCIDENTS OF CORRUPTION IDENTIFIED	2,511 TRAINED CARGOLUX PERSONNEL	2,718 TOTAL PARTICIPANTS COMPLIANCE TRAINING
2022	0	1,885	2,157

GRI 2-27, 2-23, 2-24
UNGC CoP HR2, HR2.1, HR4
UNGC Principles 1, 2
SDGs 1, 2, 4, 5, 6, 8, 9, 10, 11, 16

CORPORATE DIGITAL RESPONSIBILITY AND CYBERSECURITY

Digitalization and Corporate Digital Responsibility are key elements of Cargolux's strategy and embracing the digital era also requires careful consideration. In this age of hyperconnectivity and technology, new concerns emerge about privacy, security, compliance, and work force evolution.

To best support the digital transformation and enhance processes, Cargolux addresses information security practically through governance, risk management, and compliance (GRC) practices. A dedicated Information Security Management System (ISMS), based on ISO 27001 guidelines, is currently under development and has undergone a ISO 27001 pre-certification audit. This ensures that IT projects are aligned with organizational goals, policies and standards, as well as mitigating risks and exposure, and improving overall operational resilience.

Cargolux policies are aligned with a number of regulatory and international recognized standards. In addition to the ISO/IEC 27001:2022 standard, the airline also follows the EU NIS directive, and EU Part-IS; an industry-based directive. A yearly high-level information security risk assessment is underway in the framework of EU NIS. In addition, automation and continuous efforts are being deployed to improve the process execution and better comply with the regulatory requirements (Part-IS), particularly regarding process and asset management.

These measures contribute not only to safeguarding corporate data, it also bolsters stakeholder confidence. To further mitigate risks and minimize exposure, Cargolux uses internal resources to maintain and develop its policies. External party intervention is limited to providing specialized knowledge or ad hoc relief in case of staff shortage.

The management of third parties collaborating with Cargolux is subject to vetting and involves multiple activities and departments, including the information security unit. From the IT perspective, the due diligence includes an assessment of the third party's cybersecurity provisions, the inclusion of non-functional requirements in FRI/ RFP for new solutions, and a contractual clause ensuring timely notification in the event of a security incident or risk which could affect Cargolux. The full scope of these controls is detailed in the third-party management standard draft.

Cybersecurity is a top priority for Cargolux the company's positioning is continuously reviewed to ensure the highest standards are applied. In 2023, both internal and external audits were conducted both at the company's home base and in stations worldwide. Ad-hoc assessments such as SOC-CMM assessment and Caldera testing were also performed throughout the year. Offensive penetration tests and continuous vulnerability assessment are regularly carried out to monitor exposure.

In addition to renowned market standards (ISO 27001, NIST CSF and ENISA objectives), Cargolux has developed a wide range of cybersecurity tools for detection and monitoring. A number of measures have been introduced to protect third party data from unauthorized access or disclosure. Role-based access control, for example, ensures that only authorized and applicable personnel have access to relevant data based on a least-privileged principle. This is complemented by Multi-Factor Authentication (MFA) as an additional safeguard. Security monitoring ensures both systems and network are continuously assessed to detect any unauthorized access attempts or suspicious activities. This monitoring and audit procedures are supported by data breach notifications. Sensitive information is encrypted to prevent malicious access and the use of USB mass storage is strictly limited to authorized devices within the company.

In the event of a data or confidentiality breach, Cargolux has developed and Incident Response Procedure (IRP) that details the Cybersecurity Incident Management process. This addresses the management, response and follow-up actions required if such a situation arises. The document includes the definition of what constitutes a cybersecurity incident, including its attributes such as classification, priority, and impact. It also defines the incident preparation plan, provides training materials, and the details the response process, tools, and methodologies to be followed. In addition, guidelines are available to identify of cybersecurity incidents' deliverables and the communication to be followed. In 2023, two information security incidents were recorded, both resulting in very limited business impact for Cargolux.



GRI 2-23, 2-24, 2-27, 2-29, 3-3, 204-1
SDG 8

Management Approach

Cargolux has implemented a data governance policy and a regular steering committee is held on related projects. Security logs are retained for one year and incident records and risk assessment outcomes as well as risk register are retained for 10 years. Furthermore, a dedicated board meets comprising representatives from different departments meet on a regular basis to receive updates and take part in various initiatives.

“Information Security awareness training” and “Corporate IT assets & Data training” based on the IT asset policy is available for all end-users. Both the policy and training materials are regularly reviewed and updated in line with best practices to manage digital assets. Furthermore, dedicated cybersecurity awareness trainings are delivered to all employees to ensure they are able to identify, detect, and report information security incidents. Regarding Data Protection, a mandatory eLearning complete with a quiz has been developed for new joiners followed by a recurring yearly one for all employees.

Technical trainings to support the information security management are also provided. These training programs are developed for different stakeholders to uplift their competencies to match the required level of expertise and promote the ISMS. Examples include ISO 27001 introduction training, a tabletop exercise, FOR500, amongst others.

Since 2022, a regular training tool, phishing simulation tool has been introduced. The tool allows users to report suspicious emails straight from their mailbox. It also provides interactive micro-trainings after each report to empower employees and make them aware of their individual responsibility when it comes to cybersecurity. Each report contributes to continual improvement in incident response and defense. In 2023, 208 hours of training were provided to employees through phishing simulation tool.

SUSTAINABLE PROCUREMENT

As an all-cargo carrier, Cargolux plays a pivotal role in the global supply chain and as responsible corporate citizen, the airline strives to a promote sustainable and ethical business practices. This responsible mindset is applied to Cargolux’s own procurement processes which encapsulate a wide range of products and services provided. The airline collaborates with over 720 vendors worldwide including more than half of them in its homebase region.

The implementation of a new e-procurement software, Zycus, was smoothly achieved in 2023. This new platform offers an integrated digital procurement process, facilitating the audit trail and providing enhanced transparency overall. The introduction of this solution enabled the General Procurement team to place 82% of its orders with local suppliers, an increase on the previous year’s already high figure. The fully digital process also considerably reduces paper consumption.

A brand new team, the Procurement Category team was established to support individual departments throughout the procurement cycle. This increases visibility for the Procurement department and provides better structure in the process. The improved organization will also open opportunities to consider sustainability aspects at different stages of the procurement process.

A new Tender Committee was implemented to review the tender information at two stages; first before it is officially published and once again before it is submitted to ExCom for approval. The committee includes the Chief Sustainability Officer as a permanent member to ensure sustainability aspects are considered throughout the process. The aim is twofold; to include sustainable procurement criteria from the onset and to assess major purchases are assessed against relevant sustainability-related criteria and risks.

In its first year of existence, the committee can already count a few achievements. Waste reduction objectives and incentives have been contractually agreed with the waste management provider. Defined sustainability criteria are now included in the cleaning service tender. The committee has also supported the acquisition of fully electric heavy duty forklifts and Ground Support Equipment (GSE).

The inclusion of social and environmental clauses in contractual agreements is evaluated on a case by case basis and more are expected to follow in the future. To further enhance Cargolux’s commitment to sustainability, the Purchasing Policy was reworked to include additional sustainability guidelines. It is currently undergoing a stakeholder review with the aim of being approved and implemented in 2024. A procurement risk analysis was also performed in collaboration with the Sustainability department to identify major risk and define a dedicated Sustainability action plan. Cargolux’s continuous work on carbon footprint is expected to provide further insights and help to assess the impact of procurement activities.

GRI 2-23, 2-24, 2-27, 2-29, 3-3, 204-1
SDG 8

Management approach

Procurement practices are fully aligned with all existing and applicable regulations.

A well-established Purchasing Policy documents Cargolux's guiding principles to ensure a balance between quality of goods and/or services and cost effectiveness. The policy also considers the environmental impact in the decision making process.

Cargolux has a solid Know Your Supplier (KYS) to guide employees through a consistent and vetted process. The KYS evaluates each Supplier against a set of defined standards to ensure it upholds the same values and principles as the company in terms of ethical and sustainable business. This encourages suppliers and communities associated to Cargolux to address important aspects of their business model.

Additionally, targeted communications regarding Procurement initiatives and developments are issued via intranet posts and information e-mails, highlighting specific objectives for each action. A dedicated training was created and shared with main Cargolux requisitioners before the go-live of the new e-Procurement solution.



05.3

SOCIAL ENGAGEMENT

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OUR PEOPLE

Cargolux employees are the backbone of the company and a vital part of the company's success throughout the years. As an all-cargo airline operating on a global scale, Cargolux requires a wide range of profiles to conduct its business. In addition to its own employees, the airline supports numerous jobs in industries related to its activities such as freight forwarding, storage facilities, or ground handling.













The global Cargolux team is continuously growing and the company is intent on recruiting talented and dedicated professionals to match the unique company spirit. The airline values its workforce and has developed a considerable continuous learning program enabling staff to work on their skills and evolve in their careers. In line with its long-term vision, Cargolux believes in promoting young talent. Several schemes have been developed to attract top skills and ensure long-term sustainability.

2023 was yet another busy year for the Human Resources department. The vast HR Transformation project which aims to re-structure HR and reflect the department's people-centric approach, continued with the implementation of the 3rd phase, the Talent Management Strategy. This includes implementing an integrated HR technology solution to promote accurate data driven decision making as well as an enhanced employee experience. The focus on structural enhancements led to the rollout of a new organizational framework and the introduction of the HR leadership team, enhancing efficiency and clarity. In addition, a company-wide talent review will be launched together with a dedicated enablement training. The Employer Branding campaign is in the pipeline to bolster employees' pride and support talent attraction.

Another major achievement in 2023, was the signing of the new Collective Work Agreement for Luxembourg-based employees. Going beyond the national Labor Law, the convention defines special conditions applicable to all employees (common claims), to ground staff, and to crews. This updated version provides clarification on certain clauses as well as the introduction of additional rights. These include general claims such as the right to disconnect, an index protection in case of a legal cap on inflation, yearly salary increases until 2027, the adjustment of the Disciplinary Policy, as well as improved provisions on job security regarding termination due to economic reasons, representation in cases of operational changes and measures related to the transition of the company aircraft fleet. Several specific conditions were also added for ground staff and crew to enhance flexibility and work-life balance.

Following the extensive employee survey that was launched in 2022, HR gathered valuable information to identify employees' concerns and expectations. The responses highlighted how people valued working at Cargolux as well as their wish for enhanced work-life balance and career development options. The results were communicated to employees in a dedicated staff meeting which included a Q&A section, to ensure transparency and accountability. In response, Cargolux organized focus groups to devise adapted solutions and identified priority actions.

GRI 2-7, 2-30, 401-1, 401-3, 404-1, 404-3, 405-1
 UNGC CoP G11, HR5, L1.2, L4, L6, L7, E3, AC3, AC3.1
 UNGC Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16

				
2023	2,540 STAFF WORLDWIDE	1,867 STAFF HQ LUXEMBOURG	491 TOTAL NUMBER FEMALES (WORLDWIDE)	2,049 TOTAL NUMBER MALES (WORLDWIDE)
2022	2,539	1,888	476	2,063
				
2023	2,458 STAFF ON PERMANENT CONTRACT (WORLDWIDE)	82 STAFF ON TEMPORARY CONTRACT (WORLDWIDE)	8% TOTAL RATE OF NEW HIRES (WORLDWIDE)	5% TOTAL RATE OF TURNOVER (WORLDWIDE)
2022	2,428	111	9%	6%
				
2023	84% CWA COVERAGE (LUXEMBOURG)	113 PARENTAL LEAVE TAKEN (LUXEMBOURG)	55 TRAINING HOURS PROVIDED TO EACH EMPLOYEE (WORLDWIDE)	447 APPRAISAL PROGRAM (PERFORMANCE & CAREER REVIEWS)
2022	84%	88	49	429

GRI 2-23, 2-24, 2-29, 3-3, 201-3, 401-2, 402-1, 404-2
 UNGC CoP HR2, HR2.1, L1, L1.1, L1.2, L2, L3, L4, L5
 UNGCP Principles 1,2, 3,4, 5, 6
 SDGs 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 16

EMPLOYEE WELFARE

A dedicated working group was established in 2023 to address psycho-social risks. The working group, chaired by the Vice-President Human Resources comprises various internal stakeholders including the company doctor, the company psychologist, and a subject matter expert in psychosocial risks. After conducting a preliminary assessment of the company to determine the main issues, a concrete action plan was outlined for future implementation. This foresees a management supported strategy on the topic, a process for risk assessment in different work environments, a training program for managers and an employee assistance program for ground staff.

Additional work-life balance initiatives were introduced in 2023 to enhance employee experience. For ground staff in Luxembourg, a Working From Home Policy and scheme were implemented based on the model already available for stations worldwide and enhanced flexibility was introduced for personal time management, complementing existing provisions on flexible working times. The flexitime approach was extended to stations for positions that qualify. The right to disconnect was also included in the new Collective Work Agreement, to guarantee its application. For flight crew, the Preferential Bidding System, which allows them to put options for specific days off, was revised to provide better roster stability.

A number of employee-run sports clubs are available to Cargolux staff giving the opportunity to play sports and take part in competitions and other events. The airline supports these clubs and provides sponsorship in various forms as required. The company also encourages employees to take part in recreational events throughout the year such as races, corporate sports leagues, charity initiatives, or competitions, etc.

Management Approach

Cargolux has a Collective Work Agreement (CWA) in place to regulate the working conditions of Luxembourg based employees who fall under its scope. The company has also established policies related to work-culture and employment that regulate all aspects of Discipline, Just Culture, Company Cars, Substance Abuse, Anti-Discrimination and Harassment. In the late stages of 2023, the Corporate Reporting Whistle-blowers Protection Policy, as well as the Work From Home Policy have also been established.

Employees not under the CWA are part of the *Cadre Supérieur* group (national legal denomination) and their working conditions are regulated in individual contracts. These employees follow the same company policies and standards. However they have some additional benefits and separate time management rules in accordance with the status of the *Cadre Supérieur*.

In Cargolux, all social protection benefits provided to full time employees are also provided to part time employees. This is applicable to all Cargolux locations across the globe. Cargolux offers, in line with national obligations, life insurance, health care, disability and invalidity coverage, parental leave and retirement provisions. The company also provides employees with a profit-sharing scheme predicted under the CWA, additional death and disability benefits and a complementary pension scheme.

Cargolux further recognizes the need to support employees in managing their career endings in cases of retirement. That is why, the company offers a progressive pre-retirement program in line with legal provisions in Luxembourg. The program establishes that qualified employees can benefit from a preparation stage before their official retirement, by having a working time reduction of 40% from 1 up to 3 years before the retirement date and keeping their remuneration in almost its entirety.

The CWA establishes provisions to follow all legal requirements (labor law) regarding notice periods for operational changes impacting Luxembourg-based employees, and provisions for consultation and negotiation with staff representatives in cases of collective layoffs. Targeted e-mail communications and regular Staff Meetings with CEO presentations are also conducted throughout the year. In 2023, 2 Staff Meetings have occurred.

GRI 2-23, 2-24, 2-29, 3-3, 404-2
UNGC CoP L1, L1.1, L3, L2, L4, L5
UNGCP Principles 1, 2, 3, 4, 5, 6
SDGs 3, 4, 5, 8, 9, 10

TRAINING & DEVELOPMENT

The specialized business of air cargo requires a broad range of skills, from technical know-how to soft skills, and language proficiency. In order to keep these aptitudes sharp and maintain the highest standards in the industry, Cargolux analyses and identifies requirements both mandatory and voluntary throughout the company. To meet these complex needs, and encourage self-learning and personal betterment, Learning & Development (L&D) offers a wide catalog of courses. From required trainings, to career development and study support, the department strives to maintain a strong skill set within the workforce.

To ensure Cargolux complies with all requirements and the workforce is equipped to carry out their tasks, required mandatory training programs were conducted throughout the year. These courses are assigned both to new hires and to existing personnel, in the form of refreshers, according to their specific role and responsibilities within the company.

In 2023, a dedicated self-learning platform, Percipio was launched, offering a variety of optional learning opportunities and resources. Registration is done directly by employees and so far over 1,150 employees have signed up and more than 2,000 courses accessed. The most popular content accessed ranges from Management, Business Operations, Professional Improvement, Leadership Development, Data, Customer Service, and Sales & Marketing to Personal Development. The positive feedback highlights employees' eagerness to delve into different topics and hone their skills in an independent manner.

Cargolux L&D has a range of end-user training available to assist employees with upskilling on specific IT tools and systems specific to their roles.

Two targeted training programs were also launched in 2023, the Sales Transformation Training Program and the Lift Off Program. The first one is a cornerstone of the company-wide Sales Transformation project that aims to boost efficiency and enhance customer experience. Through a blended online and in-person approach, the course encouraged personal experience exchanges complemented by professional selling techniques. Around 260 employees from the Sales & Marketing division took part in the training.

Articulated around 3 key pillars, 'lead yourself', 'lead others' and 'lead the organization', the Lift Off program aims to equip Cargolux's top talent with skills to future-proof the company. The course provides candidates with the knowledge, skills and behaviors to excel as leaders, strengthen performance and enhance collaboration across the organization. This bolsters the organization's preparedness in developing the next generation of leaders for business continuity, increasing engagement, and talent retention.

In regrades to knowledge sharing and capacity building, a robust Mentoring Program has been established to facilitate and foster professional relationships across all levels of the organization. This is also the case of the Graduate Program, a two-year journey that allows recent master's graduates to work in and learn from four different departments within Cargolux. Each rotation has a duration of six months, providing a great opportunity to get to know the complex aviation industry from various perspectives.

Other interesting programs are under development in the L&D department and foreseen for launch over the coming year. These include a dedicated Global Sales Academy for new joiners to the division, Harassment prevention for Managers, a redesigned Team Leader program. As of 2025, HR will be launching newly revised Talent Management processes including a platform for 1-to-1 structured feedback and development discussions (Talent Review) between managers and their team members. In preparation for this new process, communications and learning opportunities will be provided to employees and managers as of September 2024. These courses are being developed with the aim of continuously improving skills and contributing positively to the company's success.

Talent attraction & retention

Cargolux is renowned player in Luxembourg's economic landscape and enjoys a solid and sustained interest in the local and global job market. Employee ambassadorship, low turnover rate, and favorable working conditions bolstered by a solid Collective Work Agreement, all contribute to the company's reputation as a good employer. In 2023, the airline received over 23,000 applications compared to 16,339 the previous year.

To ensure positions are filled with the required profile, a solid recruitment procedure has been defined to guide hiring Managers through the process. They are offered training to highlight key behaviors to adopt to prevent discrimination. Additionally, a member of the recruitment team is present for each interview to provide guidance, and ensure consistency and transparency throughout the process.

A Talent Management strategy has also been implemented to enhance employee development and career advancement. Cargolux offers employees a range of opportunities to advance their careers. Around 90 % of job openings are published internally on the company's intranet page to encourage cross-mobility and managers can promote these openings within their teams. A structured career framework, including concrete examples of stellar career paths, is under development and should be deployed and foreseen to be implemented over the next 2 years.

Cargolux currently offers development opportunities for all through training and professional exchange groups. Employees who have been identified as potential successors for key positions have access to individual development opportunities, such as mentoring, coaching, job or project assignments as part of the succession planning program. A talent review process for all employees will also be launched in 2025 to provide tailored feedback and define personal development options.

Talent management is a recognized challenge faced by many companies and it is vital for Cargolux to make sure its vision for growth can be achieved. While Human Resources and line managers serve to support employees, it is important to foster employee ownership and personal development. Team-building events, social intra-departmental and cross-divisional activities will also receive support to encourage cross-pollination and exchanges within the Cargolux community. A dedicated working group has been appointed to work on the talent review program and ensure it aligns with Cargolux's ambition. The employer branding campaign will complement this initiative by leveraging the unique company spirit to attract suitable talent.

GRI 2-23, 2-24, 2-29, 3-3, 404-2
UNGC CoP L1, L1.1, L3, L2, L4, L5
UNGCP Principles 1, 2, 3, 4, 5, 6
SDGs 3, 4, 5, 8, 9, 10

New talent

For over 25 years, Cargolux has been collaborating with Lycée Privé Emile Metz to run a dedicated aircraft mechanic apprenticeship scheme. This is considered a key talent pipeline for the airline that onboarded 9 new apprentices in 2023.

Cargolux also welcomes a number of interns of different ages, in various departments. They can stay in the company for periods ranging from a few days to several months, an exercise that helps them broaden their horizons for future career choices. School visits are regularly organized on Cargolux premises to educate youths about the fascinating world of aviation and air cargo. These initiatives provide an interesting tool for Cargolux to showcase its departments and get visibility among young talent.

Management approach

By supporting employees in developing their job-related skills, Cargolux contributes to lifetime employability, which has a positive contribution to the maintenance of a highly skilled workforce.

Policies: As an incentive to encourage equal and continuous personal and career development for all employees, an Education and Sponsorship Policy is in place. This allows employees to request support from Cargolux to pursue further studies such as certificates, diplomas, or Masters courses. This can include both financial assistance or time off to complete the course. In addition, employees enrolled in study programs are entitled to Educational Leave in line with Luxembourg legislation. Furthermore, an employee and Manager handbook provided relevant information, guidance and links to the resources available.

The Learning and Development team identifies actions and objectives annually and tracks progress against these. Evaluation activities and regular employee surveys take place at a course level (via feedback forms), and also at a wider level through regular meetings with key stakeholders, as a way to ensure trainings needs are tackled.

A Click & Learn intranet page was also implemented to centralize information related to the topics administered by the L&D team. This dedicated directory includes learning resources from training programs, learning and development opportunities, recommended content, and links to learning systems, training teams and policies and procedures from across the organization. This resource allows a single-source interface for training topics ensuring easy access and transparency for all employees. Dedicated Employee and Manager Handbooks were also developed for employees based in Luxembourg providing helpful information, guidance and links to resources.

GRI 2-23, 2-24, 2-26, 2-29, 3-3, 406-1
UNGC CoP HR2, HR2.1, HR3, HR4, HR5, HR6, L1, L1.1, L2, L3, L4, L5, L12
UNGC Principles 1, 2, 3, 4, 5, 6
SDGs 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 16

DIVERSITY, EQUITY, AND INCLUSION (DEI)

As a global company operating worldwide, Cargolux has identified DEI as a top priority for the company and dedicated resources have been established to advance its efforts in the field. A working group has been formed to ensure Cargolux adheres to both national and international regulations regarding diversity, equality, and inclusion with the aim of aligning with the ISO 30415:2021 standard for Human Resource Management on the subject.

The working group's approach is articulated around 3 main principles, the strength of diversity, the commitment to equity, and the goal of inclusion. The goal is to create a vision for DEI within the company and translate it into a concrete strategy to create an inclusive and equitable workplace that reflects the values of Cargolux. The organization is intent on fostering an environment where every member of the community can thrive and contribute to the company's success.

Cargolux submitted its application to become a signatory of the Ministry of Gender Equality's Positive Action Program in 2023. The program consists of three pillars: Equal treatment, Equal decision-making, and Reconciliation between private and work-life. The aim of the program, is to make good practices a long-term engagement to increase the number of women in the different divisions of the company and at the leadership positions and to retain them. As part of the application, Cargolux has committed to several initiatives around these pillars.

For equal treatment, action points include promoting the inclusion of women in roles where they are traditionally underrepresented, and monitoring the gender pay gap through revised KPIs with the aim of complying with the EU Pay Transparency Directive when it comes into force in 2027. The initiatives for equal decision-making focus on professional development dialogues, annual performance reviews, and succession planning. This step will identify potential successors in-house for employees key positions.

Cargolux is also a signatory of IATA's 25by2025 initiative which aims to enhance diversity, equity and inclusion in the aviation industry and achieve 25% of female representation in the workforce by 2025. With a current representation of 19% among its workforce worldwide, Cargolux is actively working to enhance its attractiveness for women especially in male-dominated environments and upper management positions. In addition to addressing work-life balance requirements and pay gap, several tools are used to raise awareness and promote women throughout the company. Recent events include newsletter articles and a dedicated intranet page, an employer branding campaign showcasing women in various roles within the company and a workshop on unconscious bias on the occasion of Diversity Day.

The establishment of an Anti-Discrimination and Harassment policy in the previous year, followed by a first awareness campaign and the formalization of complaint mechanisms and investigation procedures throughout 2023 saw the reporting of 8 cases related to discrimination or harassment topics. However, only one case of discrimination has been confirmed. Following thorough investigation, it was confirmed that a discriminatory statement based on the protected ground of gender discrimination related to absence for maternity leave had occurred during an annual performance review. In response, and as a general prevention measure for all company managers, the Harassment and Discrimination Committee (HDC) decided, with the CEO's approval, to integrate guidelines in training and documents related to appraisal management to guarantee fairness and avoid discrimination.

The HR department further organized 2 workshops on "Overcoming Unconscious Bias for better Inclusion" to celebrate the Diversity Day of 23rd May. The workshops were focused on techniques to prevent discrimination and create a culture of inclusivity and respect within Cargolux's workforce. The sessions were facilitated by a Neuroscientist who allowed participants to develop practical strategies to recognize and overcome unconscious biases through interactive exercises, case studies and discussion. The online and in-person workshops were attended by a approximately 80 employees from different Cargolux locations around the world and reflected the willingness of employees to learn more about the topic



GRI 2-23, 2-24, 2-26, 2-29, 3-3, 406-1
 UNGC CoP HR2, HR2.1, HR3, HR4, HR5, HR6, L1, L1.1, L2, L3, L4, L5, L12
 UNGC Principles 1, 2, 3, 4, 5, 6
 SDGs 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 16

Management Approach

The variety of individuals that compose the Cargolux's workforce accounts for 71 nationalities and multiple generations that are employed throughout the company's international network. This multicultural diversity fosters open-mindedness and positively contributes to the corporate culture.

The gender-balance is still a challenge faced at an industry level, especially considering technical occupation such as specialized mechanical & engineering positions or flight operations. Likewise, vulnerable employees, especially those who must be reclassified and that cannot work as pilots, in Maintenance & Engineering or Logistics to name a few, require particular attention from the HR department in ensuring they can find a new career path according to the company context and their personal capabilities.

Cargolux is committed to working on equal-opportunity actions. The company is signatory of the IATA 25by2025 commitment and also the Luxembourg's diversity Charter since 2021. Following the anti-discrimination campaign that was launched in 2022, a global Anti-Harassment and Non-Discrimination Policy was issued for all employees. The policy was established in accordance with Luxembourgish law (2009 Labor Code and Convention) and in consultation with staff representatives.

The Anti-Discrimination and Non-Harassment Policy implementation is complemented by a mandatory e-learning and the initiation of a new campaign encouraging staff to identify the protected grounds of discrimination recognize and condemn all forms of direct and indirect discrimination. An additional course aimed at management level employees is under development to train them on the applicable process in case of complaint and potential investigation process. As the last stage of the policy implementation all company pilots have completed the e-learning in early 2023, which means that all Cargolux employees are now trained on the topic.

Employee Representation: Cargolux has a dedicated function for all employee engagement and DEI aspects since 2022. This function directly coordinates the DEI Working group with the HR Vice-President. Furthermore, the company's CWA includes a Equality Delegate, which serves as the staff representative for DEI issues.

GRI 2-23, 2-24, 2-26, 2-27, 2-29, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7
UNGC CoP G8, G8.1, L1, L1.1, L2, L3, L4, L5, L11
UNGCP Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
SDGs 3, 4, 5, 8, 9, 10, 16

OCCUPATIONAL HEALTH & SAFETY

Occupational Health & Safety (OHS) is a primary concern for Cargolux and the company strives to foster a healthy and safe work environment for all. Given the nature of its business activities, Cargolux comprises a variety of work environment, from airborne flight decks, to machine-heavy ground operations, standard office premises, as well as highly sensitive maintenance areas. This wide range of environments requires dedicated attention and specific processes to ensure a safe and secure workplace for all employees.

In addition to its regular tasks, the main mission of the OHS department in 2023 was to raise awareness, enhance the health & safety culture in the organization, and streamline processes. To respond to this ambition, the department welcomed more members from different backgrounds to strengthen the team and diversify competencies. The trainings provided by OHS were also revised and updated to ensure the work force has access to the latest and most relevant health and safety-related information and tips. A dedicated training for stations is under development as well.

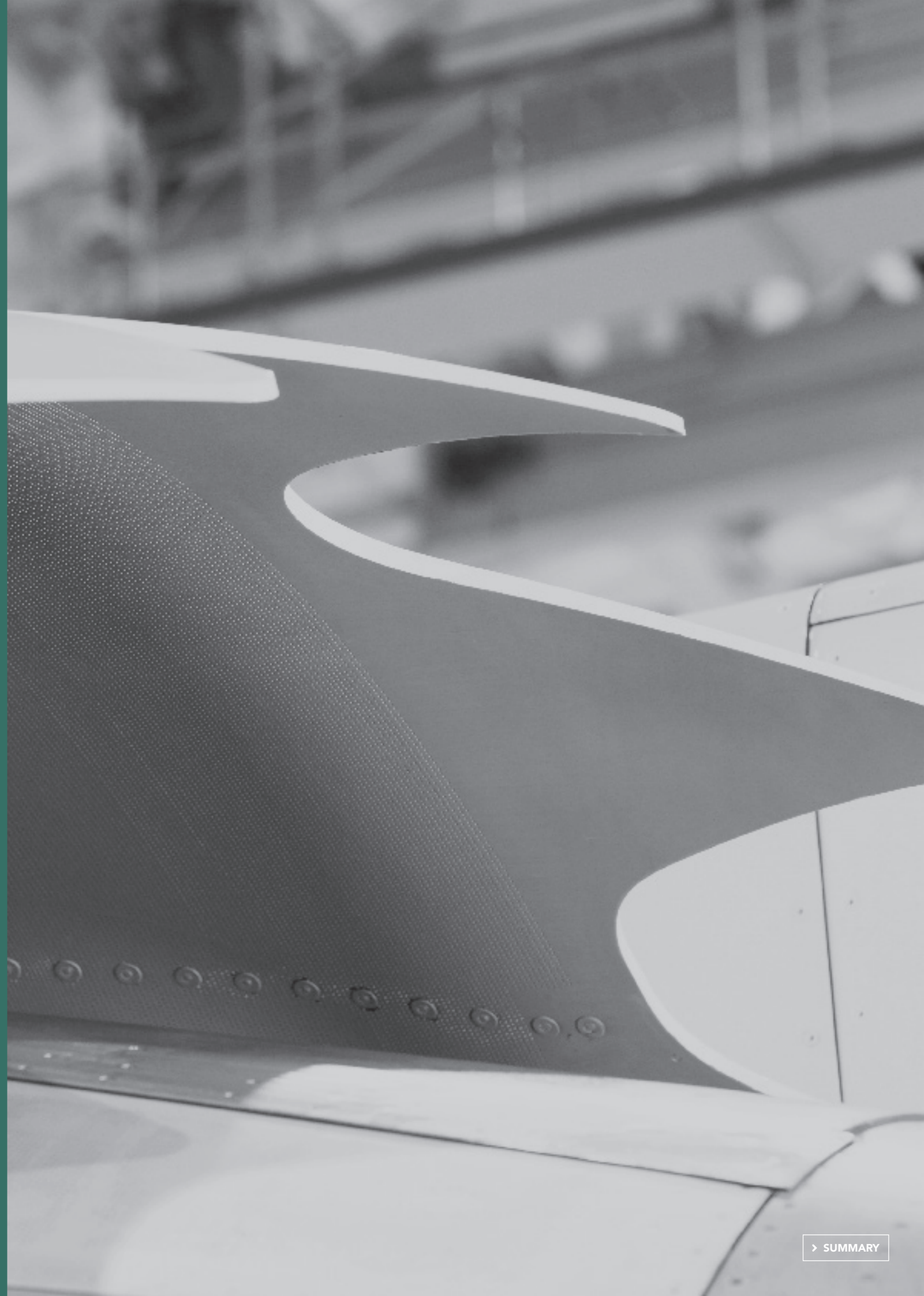
One of the primary campaigns that took place is the recruitment of more first aiders within the workforce. The aim of this was two-fold; first to have a larger pool of trained employees and secondly, to better distill the importance of OHS through employee engagement. Indeed, studies show that the more first aiders a company counts, the lower the reports of incidents. Currently, over 11% of Cargolux employees are trained in first aid.

In parallel, a dedicated group of about 20 first responders in mental health awareness has been trained. These people will assist in identifying cases of mental health issues, depression, or substance abuse and provide guidance and referrals to mental health practitioners where required. The year 2023 was actually a record year for the lowest amount of injuries related to incidents both in number and lost hours, registering a total of 48 incidents which amounted to 359 lost days.

A dedicated working group was created to address psycho-social issues with the aim of defining processes to reduce work-induced stress. One key initiative which was defined in 2023 for implementation in 2024, is the establishment of a re-integration meeting for employees who have been on prolonged sick leave (over 6 weeks). This will allow employees and their managers to discuss the conditions and devise an optimal solution for a smooth return to work.

In an effort to provide tailored services, OHS conducts dedicated weekly awareness campaigns on different themes for both Maintenance & Engineering as well as Global Logistics. These initiatives can be based on real life situations such as incidents or preemptive subjects such as risk analysis. The campaigns are complemented by monthly meetings with both divisions. These regular sessions are foreseen to be extended to all departments with the aim of working closer to the operation.

A vast analysis of risk-related positions was launched in cooperation with the company doctor. The inventory included interviews of employees as well as a review of working positions and work conditions. This allows for a better overview of which medical checks should be conducted for which job categories. The booking system for work-related medical appointments was also rationalized to avoid delays and cancellations.



Services to employees were also enhanced in 2023. As well as private medical analyses and periodic blood donation at the HQ, massage services will be also offered on Cargolux premises in 2024. More initiatives such as this one are being examined to further bolster medical and well-being services for employees.

To ensure Cargolux's OHS engagement is upheld in all corners of the company, a vast risk assessment of company-premises is foreseen for 2024 to identify areas of accessibility improvement for individuals with mobility impairments. To prepare for this task, a research campaign was conducted in 2023 to find an adequate consultant. As an additional safeguard, to ensure Cargolux's stringent OHS procedures are upheld, risk assessments are conducted on external service providers. Ahead of entering a business relationship with another entity, the OHS department organizes a pre-start meeting to ensure the processes are aligned, risk assessment realize and all legal aspect cover when it comes to these topics.

Management approach

Cargolux has voluntarily implemented ISO 45001 certified Health and Safety Management System for all activities in Luxembourg for years. The system covers the four areas of activities in Luxembourg namely maintenance, logistic and flight operations as well as support services. The Management System covers all Luxembourg based employees and is internally and externally audited. Workers based in Luxembourg, who are not Cargolux employees, are also included in the scope of the Management System, its risk assessment process and associated OHS trainings.

Impacts: No specific negative impacts have been identified for the company in the scope of OHS practices. However, Cargolux actively works to prevent and minimize the impact of its activities on health and safety. Apart from the OHS department for ground activities, Cargolux has a stand-alone Aviation Safety department, with a similar structure to the OHS department, tasked with risk analysis, training, inspections and analysis of accident-related events. For 2023, no cases of work-related ill health or fatalities associated with ill health or injuries were registered.

The OHS department has three dedicated investigators tasked with reducing workplace risks, carrying out inspections, analyzing accidents and advising the management. Investigators follow a 166 hour course validated by the Luxembourg authorities and are trained in the "Hierarchy Control" method established under ISO. Investigations are carried out in collaboration with the accident victims, different department functions, and the Safety Delegate. Following an investigation, proposed measures are then reviewed by the department's management committee. It is the Health and Safety Committee of the affected department that closes accidents or accident-related events.

GRI 2-23, 2-24, 2-26, 2-27, 2-29, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7
 UNGC CoP G8, G8.1, L1, L1.1, L2, L3,L4, L5, L11
 UNGCP Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 3, 4, 5, 8, 9, 10, 16

For hazard identification, other risk assessments and incident investigations, risk analyses are carried out by a trained risk assessor through the IQSMS reporting system, a dedicated tool to avoid the oversight of risks or tasks. Once an analysis has been carried out, the OHS department controls the quality of the analysis and the quality of the corrective measures proposed and implemented. A risk analysis is only closed when corrective measures have been put in place. Risk analyzes are reviewed every 3 years and the risk assessments stored on a shared drive, available to all employees.

In relation to ill health related risks, an analysis is performed in collaboration with the company doctor, who is not a Cargolux employee and represents a legally mandatory function under Luxembourgish law. Every 3 years, an inventory of positions at risk is carried out with the company doctor and sent to the Luxembourg authorities. For hazards related to ill health, a risk analysis on chemical usage has found a risk related to products contained in paints used in Maintenance. This identification was based on the functional product Safety Data Sheets and the annual measurements of substances present in the air (MAK). To avoid cases of ill health associated with this risk, paint booths have been set-up with adequate filtration, and individual protective equipment adapted. In addition, certain paints and chemicals have been replaced by less dangerous alternatives.

The Management System includes a detailed level of documentation including clear procedures for reporting incidents, which is widely encouraged at Cargolux. The IQSMS, is a specialized reporting mechanism, available to employees for the reporting of risk situations and incidents related to OHS matters. Mandatory training on the reporting mechanism is provided to all new hires and existing employees on a regular basis. Once an IQSMS occurrence has been introduced, the department concerned receives a report. This can happen for instances of environment, aircraft safety or health and safety at work. The IQSMS occurrence will only be closed once the responsible department manager has provided a solution to solve the issue or reported risk. In compliance with legal obligations related to whistleblowing, protection is provided to all reporters, who have the right to withdraw their complaints if found in a risk or dangerous situation.

Cargolux has a dedicated OHS policy that covers the following topics: develop the OHS culture, promote an incident free work environment, implement and maintain an OHS Management system, provide the necessary training, instruction, information, encourage employees to report risk situations/hazards, monitor Cargolux's performance, establish a statistical risk analysis process, ensure employees carry out their duties, develop and maintain a continually improving management system.

Trainings on OHS practices are mandatorily for new hires in the framework of the induction training. Further specialized trainings are available to dedicated functions and range in variety from training on industrial risks, gesture and posture training, fire training, evacuation training, chemical products training, working at height training, training on the ISO45001 system, forklift training, and manlift training, among others.



GRI 2-23, 2-24, 2-26, 2-27, 2-29, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7
 UNGC CoP G8, G8.1, L1, L1.1, L2, L3, L4, L5, L11
 UNGCP Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
 SDGs 3, 4, 5, 8, 9, 10, 16

The main actions points cover legislation compliance, risk analyses, trainings and audits. The action plans and the definition of KPIs and objectives is carried out in the management review with Senior management. The effectiveness of the measures is evaluated during these meetings. The actions are directly transcribed into the company procedures and the Management System. The results and effectiveness of the actions are available in the OHS committee minutes available on the OHS intranet page.

In Luxembourg, medical care is covered by the Caisse Nationale de Santé (CNS), the countries health system fund, with Cargolux providing access to complementary insurance. Furthermore, the company's CWA provides employees with 16 hours to be taken freely for medical appointments. The company has complementary health services in place such as on-site medical analyses, blood donations, blood tests, psychologist and the provision of Digital Screen Equipment (DSE) glasses, among others.

Stakeholder Engagement: At Cargolux, employees are involved in the development, implementation and evaluations of the Management System through consultation during the risk analysis or in cases of an accident event. Employees are involved at different levels with meetings such as those for management reviews, committees, department and team to discuss relevant health and safety topics. Satisfaction surveys are also regularly carried out. The results and effectiveness of the actions later taken to address impacts, risks and concerns are available in the minutes of the OHS committee in the OHS intranet page.

At management level, yearly reviews are held senior management to define key projects and objectives. The dedicated OHS Committee meets every 3 months to define the strategy to achieve these objectives. The OHS team conducts weekly meetings to discuss risks situations and OHS awareness and monthly meets with different departments to monitor the progress on projects or validate corrective measures. The team further meets on a monthly basis with the Safety Delegate, predicted under the company's CWA.

Communication: Monthly communications are published on screens in the maintenance facilities, available on the OHS Sharepoint or sent to all staff via corporate communications. Relevant OHS information is further available on the dedicated OHS intranet page.



* In 2022, an incorrect figure had been reported due to a computing error. The figures presented have been rectified

SHARING VALUE WITH COMMUNITIES

As a major cargo carrier based in Luxembourg, Cargolux is strongly committed to both supporting local community action and contributing to initiatives abroad. From leveraging its expertise to monetary donations or in-kind assistance, the airline supports a variety of projects from sports and health to arts and culture. In line with its values, Cargolux ensures that its support goes to different structures, from local youth clubs to international organizations and government entities.

Cargolux is a vibrant contributor to the economic scene at its home base in Luxembourg where it supports employment related to its activities. In addition to its own operation, the organization helps to develop the logistics industry in the Grand-Duchy and creates value for local commerce through procurement, commercial exchanges, and partnerships.

A strong advocate for team spirit and charitable actions, Cargolux encourages employees to build ties with their business and social communities. Staff members are encouraged to seek support from the company and promote any endeavors they are taking part in. Cargolux is convinced that as a team, we can help to create a healthier, sounder, and better future for all.

As well as its recurring sponsorships and support, Cargolux also supported a number of additional projects in 2023. Locally, sports were high on the agenda over the year, with several organizations benefitting from funds, especially in the vicinity of the airport.

On the occasion of UNICEF's Go-Blue initiative to raise awareness on children's rights worldwide, Cargolux donated 10,000 euros to the international charity. In previous years, the airline's HQ was lit in blue to support the initiative however, for environmental reasons, the practice was stopped in favor of monetary support.

The airline has a known history for supporting causes close to its heart. In 2023, monetary donations were made on the occasion of Pink October, breast cancer awareness month, Movember that raises awareness for men's health issues, Orange Week, in support of the elimination of violence against women, and Human Rights Day.

Showing support for local artistic talent, Cargolux has crossed the passion for aircraft with art and collaborated with the Luxembourgish based artist Jacques Schneider to create a line of accessories and items made from re-purposed cargo straps, in its first upcycling project ever.

Management Approach

Cargolux in Luxembourg: The airline's deep roots in Luxembourg stem from its inception in 1970. Throughout its history, Cargolux has fostered strong ties with local governments, communes, and industry organizations. Now, with over 50 years of membership in Luxembourg's vibrant business community, commitment to promoting partnerships at home and abroad is even stronger.

As a pillar of Luxembourg's logistics industry, Cargolux contributes to the development of this important business segment in the Grand-Duchy. In addition to supporting employment in areas directly related to its activities (storage, handling, forwarding, etc.), the company also strives to create value for local commerce through procurement, commercial exchanges, and partnerships.

Cargolux stations: Intent on advocating community values throughout its network, the organization also strives to promote local employment in its stations. This international workforce strongly contributes to Cargolux's global reach and enables the company to anchor its presence in local communities.

Long-term partnerships: Cargolux has long-standing agreements with Luxembourg's Museum of Modern Art (MUDAM) and several other cultural outfits to transport exhibitions Free of Charge. The airline also transports products from various countries for the annual Internal Bazaar in Luxembourg. This important cultural gathering includes scores of international stalls a wide of countries who sell their national specialties, many of them imported by Cargolux, for this good cause. As an economic driver in the Grand-Duchy, it is important for Cargolux to contribute its expertise and act as an enabler for cultural exchanges.

Employee initiatives: Cargolux strongly advocates team spirit and, whenever possible, supports its employees in their community engagement and charity endeavors. Cargolux recognizes the value of supporting local and global community events that work to create a healthier, sounder, and better future for all. Not only does the organization provide ongoing support and sponsorship for many initiatives locally and abroad; many are spearheaded by Cargolux staff who are personally involved.

Human Factors – Pilot Peer Support Program: Cargolux's dedicated Pilot Peer Support Program is a shining model for the industry. Offered in close cooperation with the Mayday Foundation and Cargolux's Human Factors Manager, it guarantees extensive, confidential assistance to pilots who must work through the challenges of a serious incident and/or other issues impacting pilots' wellbeing and/or mental health. Affected pilots can seek advice and/or help from a peer within the Cargolux volunteer group, or from others in the Mayday Foundation pilot peer community. Cargolux's Human Factors Manager is also available to provide assistance. The support system is designed, implemented, and monitored by the Cargolux Advisory Group comprised of colleagues from the group of pilot representatives, the Chief Pilot, and the Human Factors Manager.

GRI 2-23, 2-24, 2-26
UNGC CoP G6, G8, G8.1, HR1, HR1.1, HR2, HR3, HR4, HR2.1, HR5, HR6, HR7, HR8
UNGC Principles 1, 2, 3, 4, 5, 6, 10
SDGs 1, 2, 4, 5, 6, 8, 9, 10, 11, 16, 17

HUMAN RIGHTS REPORT

2023



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DEAR READER,

As a cargo carrier serving an extensive international network, it is our responsibility to ensure our operations respect Human Rights and create value for society. Air cargo is a central component of the global supply chain and air freight operators are in the middle of a vast and complex logistics industry.

As a responsible corporate citizen, Cargolux has established a comprehensive compliance program encompassing Human Rights. The extensive Know Your Customer (KYC) process, for example, enables the airline to assess its customers' engagements and ensure they are aligned with our company values, including Human Rights. We take our responsibility to conduct ethical and fair business seriously, and support others within the supply chain to follow suit.

The KYC process is supported by stringent Compliance monitoring to ensure that all shipments and transshipments are not in breach of any regulations including sanctioned items and countries, and that all required documentation for shipments has been received and vetted. In addition to applicable regulations, we also apply our own self-imposed restrictions on what we carry on board our aircraft. Any deviation is investigated and, when required, entities are verified from shipper to consignee to cover the full scope of the transport. Cargolux refuses any transport of weapons and dual-use goods linked to entities suspected of maltreatment of individuals or governments notorious for breaching Human Rights. This engagement is complemented by a growing list of embargoed goods and countries which is continually reviewed and updated.

From an employer perspective, Cargolux is intent on ensuring fair and ethical treatment for all employees. We have a solid Occupational Health & Safety (OHS) program in place to ensure that the workplace is safe and risks of incidents and accidents are kept to a minimum. Most of our employees are covered by a Collective Work Agreement that goes beyond labor law in its guarantees towards personnel. A company-wide Human Rights program is under development to enhance our commitment.

Human Rights is a complex issue that is, at times, difficult to assess and monitor but Cargolux is committed to play its part in ensuring these fundamental rights are respected. We are increasingly taking steps in the right direction and raising awareness of this crucial topic.

Richard **FORSON**,
President & CEO



GOVERNANCE OF RESPECT FOR HUMAN RIGHTS



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PUBLIC COMMITMENTS

Cargolux formalized its commitment to Human Rights in a declarative policy in 2021. The commitment aims to improve the visibility of this important topic within the company and to stress the importance of Human Rights for Cargolux.

The commitment was backed by the signing of Luxembourg's pact for Business and Human Rights in 2022. Cargolux is certified by Luxembourg's National Institute of Sustainable Development (INDR) for being a Socially Responsible Enterprise. The airline has also signed the Luxembourg Diversity Charter and the IATA 25 by 2025 commitment on gender equality.

CARGOLUX HAS BEEN A SIGNATORY OF THE UN GLOBAL COMPACT SINCE 2007



> SUMMARY



TAKING ACTION

The Company is committed to respecting Human Rights as a whole, but it has defined two main areas of focus and action. On one hand, human rights related to employees, such as health & safety, ensuring diversity and equality while fighting all forms of discrimination and harassment. On the other hand, managing the impact that the company's operations may have on global communities.

As a service-based company, Cargolux recognizes the effect of its operation globally and thus the need to trace its impacts across its activities and value chain. A dedicated framework for Human Rights is part of the company's 2023 Sustainability Strategy and currently being developed.

CARGOLUX RECOGNIZES THE EFFECT OF ITS OPERATION GLOBALLY AND THE NEED TO TRACE ITS IMPACTS ACROSS ITS ACTIVITIES AND VALUE CHAIN

> SUMMARY



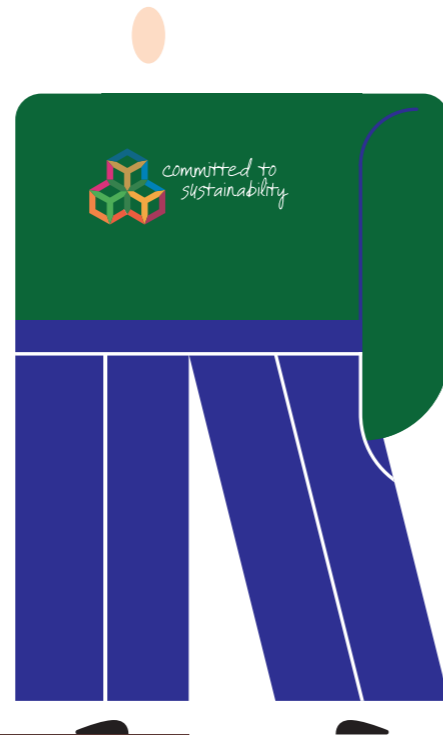
RAISING

AWARENESS

Cargolux's commitment to Human Rights is included on the company's website and will be included in the 2023 annual Sustainability Report, making it available for both internal and external stakeholders.

A wide stakeholder awareness and communication campaign, targeted to employees, customers and investors, will follow. Suppliers and other business partners will also be made aware of Cargolux's public commitments to Human Rights through the due diligence process.

Finally, the company is planning an employee event for 2024 with the aim of communicating its sustainability efforts. The Human Rights commitments and planned actions will also be shared during the event.



EMBEDDING

HUMAN RIGHTS

In 2022, Cargolux introduced a Supplier Sustainability Charter, which outlines the fundamental principles that should govern Cargolux's activities and its partners' operations.

Currently, a first group of suppliers has been contacted and asked to sign the commitment. Eventually, all Cargolux suppliers will be requested to abide by this charter.

Human Rights are an important aspect of our compliance activities. In 2021, Cargolux introduced a KYC (Know Your Customer) / KYS (Know Your Supplier) policy, by which a due diligence is conducted on business partners.

CARGOLUX REJECTS SHIPMENTS THAT CONTAIN MILITARY, OR REPRESSION MATERIAL ADDRESSED TO GOVERNMENTS NOTORIOUS FOR HUMAN RIGHTS VIOLATIONS OR COUNTRIES SUBJECT TO INTERNAL CONFLICT



As part of its export controls, Cargolux rejects shipments related to entities known for Human Rights violations such as forced and child labor. The airline also rejects shipments that contain military, or repression material addressed to governments notorious for Human Rights violations or countries subject to internal conflict.

As regards to Human Resources and employee welfare, the employees' Collective Work Agreement (CWA) covers a number of human rights particularly relevant to the workplace. For example, the CWA defines work-life balance measures, provides for employee representatives such as the Safety Delegate, Equality Delegate or the Pilot Representatives, as well as all instances of health and safety at work.

Cargolux's OHS Management System is also certified (ISO 45001:2018) for all its staff at its home base.

In 2022, a staff survey was conducted, where several matters related to labor and Human Rights were assessed. In Spring and Summer 2023, Cargolux led 12 focus groups in order to collect further employee feedback and define an action plan. The Action Plan is now underway, with 9 concrete action items listed. Some action items were implemented at the end of 2023, with the signature of the new Collective Work Agreement 2023-2024. Amongst some of the successful actions implemented are those related to work-life balance and employee empowerment.



GOVERNING FOR HUMAN RIGHTS

A SUSTAINABILITY STEERING GROUP (SSG) CHAIRED BY THE CHIEF SUSTAINABILITY OFFICER, DIRECTLY INFORMS AND COMMUNICATES ON SUSTAINABILITY MATTERS TO THE EXECUTIVE COMMITTEE

Under the 2023 Sustainability Policy and Strategy, the Cargolux Sustainability Governance has been re-structured to further enhance compliance, monitor performance and achieve objectives. In the current structure, a Sustainability Steering Group (SSG) chaired by the Chief Sustainability Officer, directly informs and communicates on sustainability matters to the Executive Committee. The Human Rights Working Group is chaired by the Head of CSR and Human Rights Officer. Other material topic working groups are in place, such as that of Diversity, Equality and Inclusion, chaired by the Vice-President of Human Resources.

Furthermore, topic specific control procedures are in place in case of severe findings on the violation of company policies, with adequate due diligence, grievance and remediation mechanisms, in which issues can be escalated to Executive Management level, when required.

In 2024, a direct line of contact to the Human Rights Officer will also be established for direct reporting on Human Rights issues.



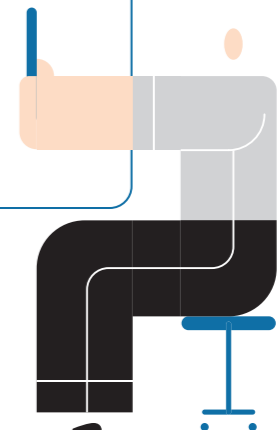
EMPLOYEES UNDERGO REGULAR TRAININGS THAT INCLUDE JOB SPECIFIC HUMAN RIGHTS TOPICS

TRAINING & AWARENESS

Employees undergo regular trainings that include job specific Human Rights topics. All new employees undergo an in-depth induction course on the company's Code of Conduct that fully summarizes the compliance with international laws, norms and regulations, and that communicates on the company's voluntary commitments to sustainable development and Human Rights.

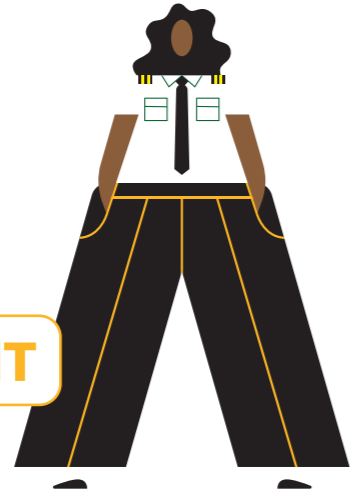
Topic specific trainings are also a part of the mandatory course catalog for all employees, including training on harassment and anti-discrimination, anti-corruption and bribery, data privacy and OHS, amongst others.

Specialized training is provided as required for defined roles.



CONTINUAL

IMPROVEMENT



Since its formalized public commitments in 2021, Cargolux has recognized the responsibility it holds, as a multinational business, towards Human Rights.

The airline aims to embed human rights across its business activities and business relationships.

As part of its 2023 Sustainability Strategy, the company has further recognized the need to implement specific functions to establish Human Rights throughout the work environment. A Human Rights Officer has therefore been appointed and is directly responsible for implementing and monitoring the strategy and framework development in relation to Human Rights.

Furthermore, the company recognizes the need to develop a more comprehensive Due Diligence program, Grievance and Remediation mechanisms that fully capture the complexity of Human Rights practices in business contexts. This is in development.

Training, awareness and regular stakeholder engagement have also been assessed as company needs for the successful implementation of a Human Rights framework. These lessons are under the scope of the Human Rights Working Group, tasked with developing measures that enable a more transparent, cooperative and responsible Human Rights framework at Cargolux.

A HUMAN RIGHTS OFFICER HAS BEEN APPOINTED AND IS DIRECTLY RESPONSIBLE FOR IMPLEMENTING AND MONITORING THE STRATEGY AND FRAMEWORK DEVELOPMENT IN RELATION TO HUMAN RIGHTS



DEFINING

THE FOCUS OF

REPORTING

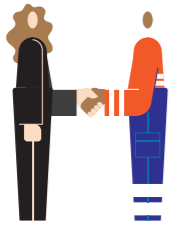
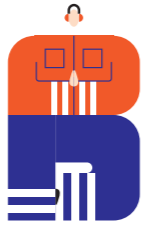

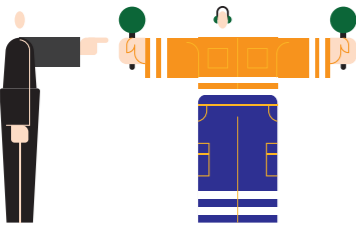

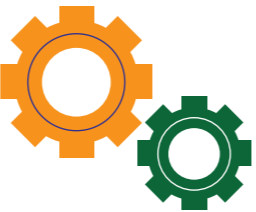
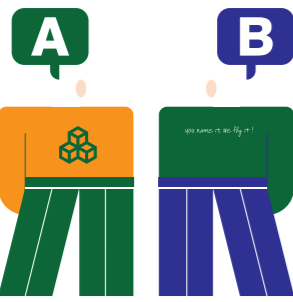

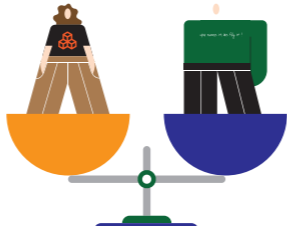


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FOCUSING ACTION

Under Cargolux's Code of Conduct and Ethics and the Human Rights Policy Commitment, these topics represent the company's commitment related to the respect for Human Rights:

 <p>FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING</p>	 <p>SAFE AND HEALTHY WORKING ENVIRONMENT</p>	 <p>CHILD LABOR</p>
 <p>FORCED LABOR</p>	 <p>NON-DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION</p>	 <p>WORKING CONDITIONS (WAGES, WORKING HOURS)</p>
 <p>FREEDOM OF EXPRESSION</p>	 <p>DIGITAL SECURITY / PRIVACY</p>	 <p>GENDER EQUALITY AND WOMEN'S RIGHTS</p>



SINCE 2017, THE AIRLINE RUNS REGULAR STAKEHOLDER ENGAGEMENT SURVEYS TO DETERMINE MATERIAL SUSTAINABILITY MATTERS AND DIRECTLY CONTRIBUTE TO PROGRESS ON SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The list of salient issues has been determined by the company over many years and is included in different company policies, as well as widely identified in the company's Sustainability Report, which is publicly available (section on Assessing Impact Materiality).

POLICIES

& VALUES

Cargolux has an established Code of Conduct and Ethics that is regularly updated and defines its commitment to maintaining international standards on human rights and labor conditions. In the Code, the company sets its responsibility to respect all human rights, invest in learning and development, ensure health, safety and wellbeing, and promote gender balance and diversity.

Furthermore, stand-alone company policies are available covering specific topics, such as the OHS Policy, the Anti-Harassment and Non-Discrimination Policy, the Just Culture Policy and the Human Rights Commitment.

On freedom of association, freedom of expression and collective bargaining, the company has an established Collective Work Agreement (CWA) where all the legally mandatory and additional provisions on working conditions are laid out. In 2023, a new CWA was signed providing enhanced working conditions, especially on work-life balance, such as the right to disconnect or recognizing the working from home policy, also established in 2023.

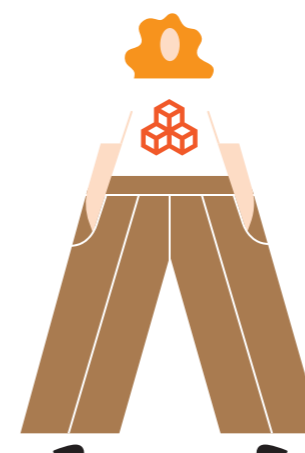
Finally, Cargolux continues to develop company policies based on identified material topics, including those on salient human rights issues, as they are identified.

All employees are enrolled in a number of trainings, published on the company's intranet.

The Code of Conduct in particular includes an in-depth induction training mandatory to all employees and new hires, where direct links to company policies, and their association with relevant SDGs is presented.



CARGOLUX HAS AN ESTABLISHED CODE OF CONDUCT AND ETHICS THAT IS REGULARLY UPDATED AND DEFINES ITS COMMITMENT TO MAINTAINING INTERNATIONAL STANDARDS ON HUMAN RIGHTS AND LABOR CONDITIONS



MANAGEMENT

OF SALIENT HUMAN

RIGHTS ISSUES



STAKEHOLDER

ENGAGEMENT

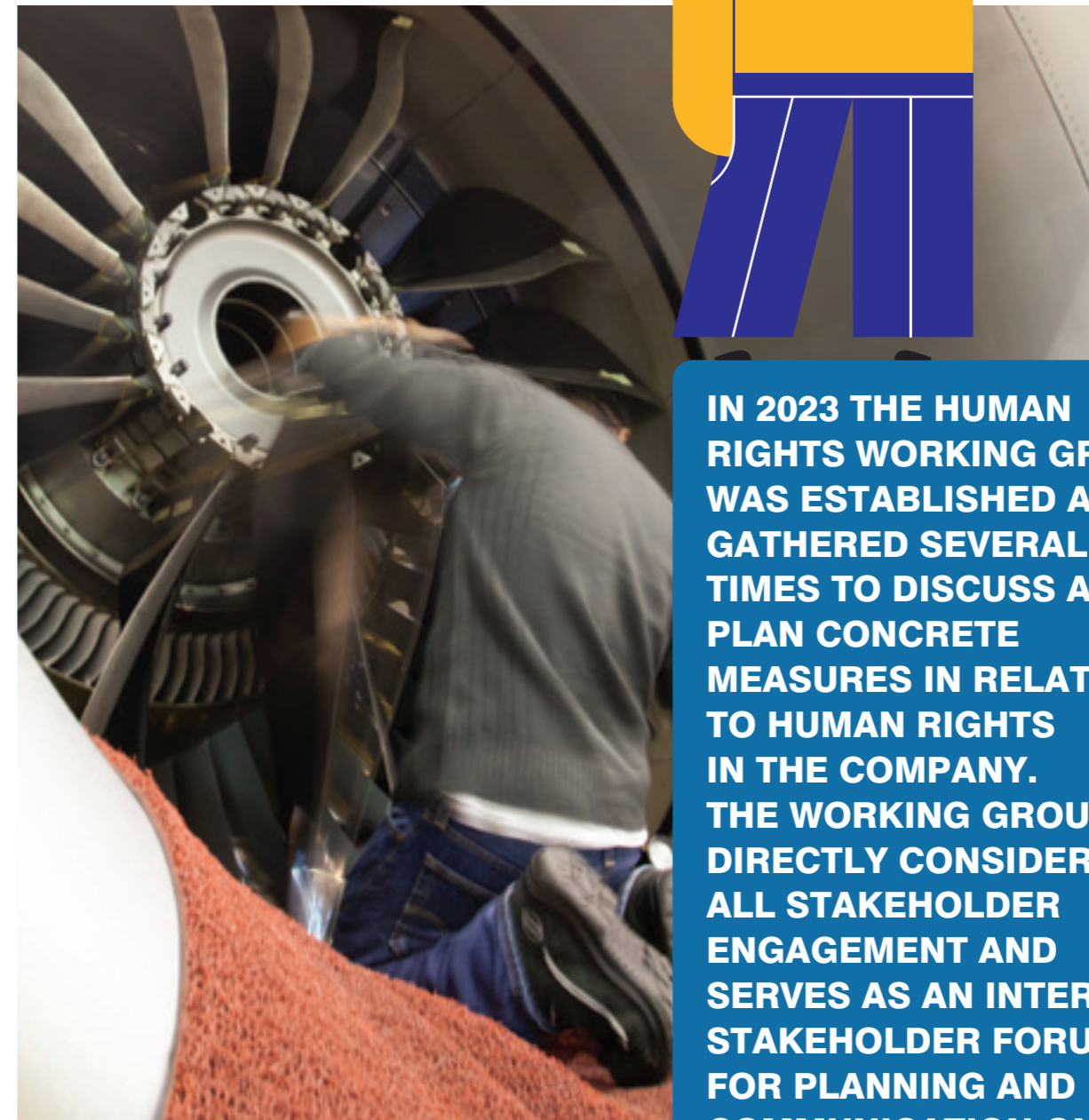
The stakeholder engagement approach at Cargolux is well defined in the materiality assessment in the Sustainability Report. As a part of its impact materiality assessment, a survey is sent to targeted groups of stakeholders on a yearly basis, to collect their feedback on which sustainability topics should be considered material to the company, including those on Human Rights. Material topics are then identified with adequate disclosures provided under the Sustainability Report.

Targeted stakeholder groups include customers, employees, suppliers and banks. Stakeholder views and opinions are taken into consideration in decision-making processes led by the Working Group and Sustainability Steering Group which constitute the company's Sustainability Governance. Feedback is then distilled across the company through action plans and concrete measures.

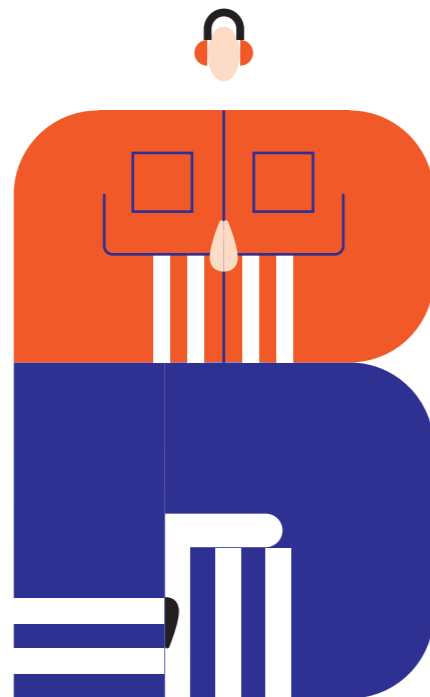
Another regular survey campaign that was last conducted in 2022 is the staff survey, sent to all employees. The survey results were used to develop an action plan on the improvement of identified working conditions and is currently being implemented. Amongst some of the successful actions already implemented are those related to work-life balance and employee empowerment.

Moreover, in 2023 the Human Rights Working Group was established and gathered several times to discuss and plan concrete measures in relation to Human Rights in the company. The Working Group directly considers all stakeholder engagement and serves as an internal stakeholder forum for planning and communication on Human Rights topics.

Cargolux is currently developing a formalized Stakeholder Engagement Strategy intended to clearly define its approach when it comes to collecting, managing, and using stakeholder engagement in its decision-making on sustainability matters.



IN 2023 THE HUMAN RIGHTS WORKING GROUP WAS ESTABLISHED AND GATHERED SEVERAL TIMES TO DISCUSS AND PLAN CONCRETE MEASURES IN RELATION TO HUMAN RIGHTS IN THE COMPANY. THE WORKING GROUP DIRECTLY CONSIDERS ALL STAKEHOLDER ENGAGEMENT AND SERVES AS AN INTERNAL STAKEHOLDER FORUM FOR PLANNING AND COMMUNICATION ON HUMAN RIGHTS TOPICS





THE COMPANY'S STAKEHOLDER MATRIX, MATERIALITY MATRIX AND METHODOLOGY ARE FORMALIZED IN ITS SUSTAINABILITY REPORT AND PUBLICLY AVAILABLE



DOUBLE MATERIALITY

The double materiality exercise starts with the identification of Environment, Social and Governance (ESG) topics, in different research channels such as sector benchmarks, literature reviews, requirements of reporting initiatives and those dictated by sustainability standards and regulatory frameworks. This list is defined as an initial list of topics that will then be submitted to analysis and figure the stakeholder engagement exercise.

From here, two assessments help to identify those issues that are more material for the company to focus on. On one hand, an analysis is conducted to identify impacts caused by the company activities to the environment and people (impact materiality). On the other hand, a financial analysis is conducted to identify the risks and opportunities inherent to the company that are generated by socio-environmental factors (financial materiality).

The double materiality process is informed by the direct outcomes of the Stakeholder Engagement. This process highlights the environmental, social and governance topics, initially identified, that are the most impactful from a stakeholder perspective. The Stakeholder Engagement is based on a previously conducted Stakeholder Mapping that lists the company's relevant stakeholders.

The company's Stakeholder Matrix, Materiality Matrix and Methodology used to conduct the process of double materiality is formalized in its Sustainability Report and publicly available.

Finally, Cargolux notes the need to continuously work to identify impacts, risks and opportunities and act in a manner that allows for these elements to be managed in the best manner possible. On this note, the company is working on a Stakeholder Engagement Strategy and on the continual improvement of its Double Materiality process to ensure the right direction is taken in all company decisions.

Stakeholder views and opinions are taken into consideration in decision making processes led by the Sustainability Steering Group and supporting working groups which constitute the company's Sustainability Governance. Feedback is then distilled across the company through action plans and concrete measures.

NATURE OF

SALIENT ISSUES

Changes in the nature of salient human rights issues, or any other issue related to sustainability topics are mainly identified through two tools.

First of all, the surveys conducted in stakeholder engagement practices, directly provide an overview of stakeholders expectations towards the company. The methodology allows them to rank their concerns in a way that allows Cargolux to focus its efforts on material sustainability topics. This is a long-standing, regular, and direct tool to collect stakeholder feedback and supports direct contact between stakeholders and relevant company functions and management.

The other tool that is now widely used is topical risk assessments. As defined in Cargolux's 2023 Sustainability Strategy, risks assessments on previously identified material topics are being conducted to provide a more technical, focused and informed overview of the company's overall risks and opportunities related to material sustainability topics. The Human Rights risk assessment is expected to contribute to the work of its associated Working Group and depict a more accurate picture of risks and opportunities related to Human Rights, as well as its position in the company's activities and value chain. The risk assessments will feed directly into the materiality process and the company's general direction towards sustainability. It will contribute to better direct the measures taken to implement the planned Human Rights framework.

An example of a previously identified change that led to a concrete action was the understanding of stakeholders' expectations towards anti-harassment and non-discrimination. By collecting stakeholder feedback, the company developed a comprehensive training on the topic, after a vast awareness campaign that took place in 2023. Another example is reflected in the Staff survey conducted in 2022, that led to the creation of focus groups in 2023, and was consolidated in a 9 action items plan. The signing of the new Collective Work Agreement (CWA), and the establishment of the Working From Home Policy have proven the success of addressing employee concerns as expressed in the survey. It also demonstrates the importance of adapting to changes in identified Human Rights and labor concerns, such as the importance of work-life balance and flexibility for Cargolux's workforce. Further surveys are planned to be conducted to evaluate the progress of the actions taken and identify new challenges and expectations.





ACTION AT ALL LEVELS

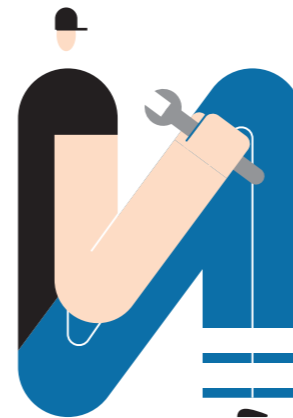
Company policies establish dedicated control procedures over reporting or follow those available through the Corporate Reporting and Whistle-blowers Protection Policy, which is in line with the obligation under the 2019 EU Directive 2019/1937 on the subject. These documents establish the provisions on tensions and how they are managed. The company's Corporate Reporting and Whistle-blowers Protection Policy has also been reviewed to formalize all grievance mechanisms and reporting procedures that enable the management of identified issues and inform on how to better prevent and mitigate those issues.

For example, under the company's Anti-Harassment and Non-Discrimination Policy, an Equality Delegate function is also established for Luxembourg (main basis of operations), who is authorized to assist and advise workers on how to report harassment. Victims of harassment, as well as the alleged harasser(s), can be accompanied or assisted by the delegate when due diligence processes are in place regarding the reported issue.

Additionally, in Luxembourg, Cargolux's home base, a 84% of employees are covered by the Collective Work Agreement (CWA). Employees can be represented by their Staff Representatives when disputes or issues in relation to the company arise. In such cases, the employees are represented by the Staff Delegation, especially on matters concerning working conditions. For crew, an additional Pilots Representative function is also available to serve as a discussion partner for crew-related matters.

When the Staff Delegation is not able to find a solution for the company and employee, the Joint Committee to the Collective Work Agreement is also tasked to examine the issue and is preliminary to any possible conciliation procedure.

IN LUXEMBOURG, CARGOLUX'S HOME BASE, 84% OF EMPLOYEES ARE COVERED BY A COLLECTIVE WORK AGREEMENT (CWA)



COMPLAINTS MECHANISMS & REMEDY



Remediation processes are established under company policies and are structured based on the policy topics' complexity. All legal procedures are in place for remediation to ensue if salient Human Rights issues are duly reported and identified.

Cargolux has established a dedicated reporting structure, based on each policy topic, allowing employees to report concerns or seek advice on issues identified. Reports can be done by following the reporting procedure, established under the Corporate Reporting and Whistle-blowers Protection Policy.

Accordingly, complaints are processed and assessed based on the reporting channels used and the complexity of the issue reported. Firstly, the report is followed by a receipt of acknowledgment with responsible functions to determine the severity of the issue reported and the preparation of a preliminary report on the case.

Depending on the preliminary report, the issue is escalated following a defined line of control. An investigation follows, if deemed necessary, following the initial investigation procedure. If an investigation is conducted, a final report is made available to relevant functions in the line of control.

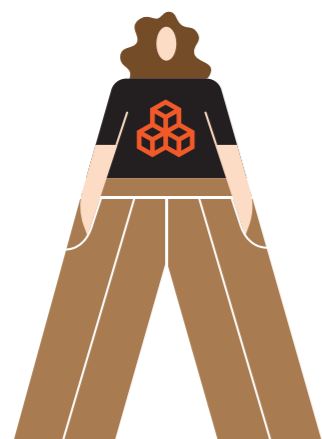
A total of 8 reports out of 14 for the year 2023 focused on discrimination and harassment allegations and safe working environment, only a few of those were actually founded and required corrective actions.

Whenever the allegation was founded, certain actions were implemented by the company to remedy any actual impacts related to those issues, such as communications to the employees or their managers, or ensuring certain processes would be reviewed in the company.

The Policy is applicable to all allegations of violations of external laws and regulations, and internal company policies. It is mainly addressed to current and former Cargolux employees and agents, but also applicable to external parties who wish to use the reporting channels or processes established in the Policy. Reporting can be done directly to a superior or dedicated departments (Human Resources, Compliance, Security, etc.) or by using the Safety System Management available and communicated throughout the company. Moreover, a third-part provider reporting system is available including for confidential reporting.

The company certified Management Systems provide additional procedures, tools and accountable functions for reporting concerns in relation to the elements under its scope. This is the case for Occupational Health and Safety and Environmental issues.





EMPOWERING

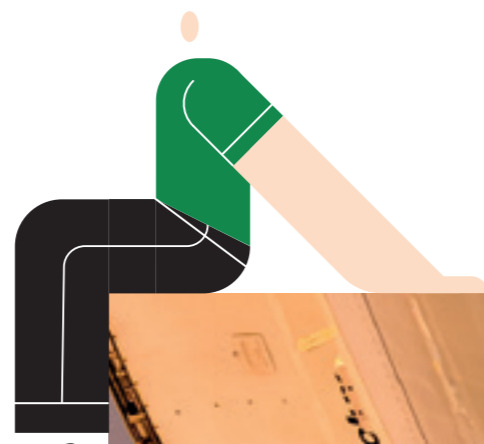
STAKEHOLDERS

TO ACT

Cargolux places the utmost importance in providing a Just Culture and safe working environment throughout its operations and value chain.

Stakeholders' general perception on company practices, including its general reporting mechanisms, are assessed through stakeholder engagement surveys. Based on this assessment, a comprehensive effort is made to ensure affected stakeholders are aware of company reporting procedures and channels and where these channels can be accessed. Mandatory and regular training is also provided to all employees to encourage and ensure protection for all those who wish to report alleged violations of external laws and regulations and internal company policies.

Furthermore, the company has an established Just Culture Policy that fosters an atmosphere of trust, in which employees, contractors and company representatives can feel encouraged to provide essential safety related information in the context of reporting schemes related to safety aviation, compliance, occupational health and safety and human resources.



**MANDATORY AND
REGULAR TRAINING
IS ALSO PROVIDED
TO ALL EMPLOYEES
TO ENCOURAGE AND
ENSURE PROTECTION
FOR ALL THOSE WHO
WISH TO REPORT
ALLEGED VIOLATIONS**



	United Nations Global Compact Communication on Progress (UNGC CoP)	G6, G8, G8.1, HR1, HR1.1, HR2, HR3, HR4, HR2.1, HR5, HR6, HR7, HR8
	United Nations Global Compact Principles (UNGC Principle)	1, 2, 3, 4, 5, 6, 10
	Sustainable Development Goals (SDGs)	

* The referenced indicators are structured on the basis of publicly available materials provided under the United Nations framework for the Sustainable Development Goals integration and relate to the general Cargolux's disclosures on Human Rights. The table is susceptible to changes over time. The table is an auxiliary for reporting under the un Global Compact Communication of Progress. More detail on specific sustainability topics can be found in Cargolux's Sustainability Report.

APPENDICES

06



GRI 2-7, 2-30, 401-1, 401-3, 403-8, 403-9, 403-10, 404-1, 404-3, 405-1
 UNGC CoP G11, L1.2, L4, L6, L7, L9, E3, AC3, AC3.1
 UNGC Principle 1, 2, 3, 4, 5, 6
 SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16

SUSTAINABILITY FIGURES SUMMARY

SOCIAL 2023 2022 2021

EMPLOYEES CHARACTERISTICS ^{[1][2]}

		Headcount	2023	2022	2021
WORLDWIDE		Headcount	2,540	2,539	2,477
GENDER	Female	Headcount	491	476	N/R*
	Male	Headcount	2,049	2,063	N/R*
GEOGRAPHIC	Luxembourg (HQ)	Headcount	1,867	1,888	1,830
	Permanent contract	Headcount	2,458	2,428	2,363
EMPLOYMENT TYPE	Female	Headcount	470	457	434
	Male	Headcount	1,988	1,971	1,929
	Temporary contract	Headcount	82	111	114
	Female	Headcount	21	19	15
	Male	Headcount	61	92	99

COLLECTIVE BARGAINING COVERAGE ^[3]

LUXEMBOURG (HQ)	Total	%	2023	2022	2021
			84	84	85

WORK-LIFE BALANCE

		Headcount	2023	2022	2021
PARENTAL LEAVE	Parental Leave entitlement	Headcount	483	494	466
	Parental leave taken	Headcount	113	88	67
	of which female	Headcount	19	8	13
	of which male	Headcount	94	80	54

[1] Employee numbers are reported with key date 31/12/2023, considering all contracted employees with Cargolux, excl. Apprentices/trainees / students (headquarter = Luxembourg / worldwide covering x stations) & Cargolux Italia. The figures are reported as head count. * Metric have been changed from previous reporting years. As of 2021, the headcount of Luxembourg based staff includes reclassified employees.

[2] At Cargolux there are no non-guaranteed Hours employment contracts.

[3] Employees not under the collective bargaining agreement are part of the cadre superieur group and their working conditions are regulated in individual contracts. Exempt Employees who are not covered by the Collective Work agreement follow the same company policies and standards. However they have some additional benefits and separate time management rules in accordance with the status of the Cadre Superieur.

SOCIAL 2023 2022 2021

OCCUPATIONAL HEALTH & SAFETY ^{[4] [5] [6]}

COVERAGE BY MANAGEMENT SYSTEM (LUXEMBOURG)		%	2023	2022	2021
			100%	100%	100%
INCIDENTS RELATED TO WORK-RELATED INJURIES		Total Number	48	63	54
Internal work-related incidents		Total Number	33	48	35
External incidents (Commuting)		Total Number	15	15	19

TRAINING & EDUCATION ^[7]

TRAINING HOURS		Average training hours per employee	Hours	2023	2022	2021
				55	49	52
PERFORMANCE REVIEWS (APPRAISAL PROGRAM)		Total employees receiving performance reviews	%	17,6	16,9	16,51

[4] The ISO certified Management System is internally and externally audited. The system covers employees and other workers in Luxembourg.

[5] External incidents are categorized as commuting accidents that took place in the commuting activities of Cargolux's own workforce, but that were not organized by the company.

[6] The lost days calculation accounts for lost days by external and internal incidents related to injuries, including lost days by commuting that was not organized by Cargolux.

[7] The appraisal program pertains only the Executive and Middle Management categories of employees at Cargolux. These are the employee categories exempt from the Collective Work Agreement. A talent review that comprehends employees and crews under the CWA is predicted under the new agreement implemented in 2023.

GRI 301-1, 302-1, 302-3, 303-5
 UNGC CoP E13, E10
 UNGC Principle 7, 8, 9
 SDGs 1, 2, 6, 7, 8, 11, 12, 13, 14

ENVIRONMENT

2023 2022 2021

MATERIALS

Materials used by weight or volume

		2023	2022	2021
Wood	Tonnes	2,545	2,313	2,611
	m ³	3,640	3,307	3,734
Cargo plastic	Tonnes	153	174	195

ENERGY

Energy Consumption (Fuel) ^{[1] [2]}

			2023	2022	2021
AIRCRAFT (CV + C8)	Total Jet Fuel	Tonnes	1,333,504	1,472,745	1,505,778
	Heating HQ & Paint Cabins	Natural Gas	m ³ 139,606	143,539	154,835
FACILITIES(LU)	Heating BHKW	Natural Gas	m ³ 858,745	810,286	977,528
	Sprinklers Pumps & Generator & heating lorang	Fuel Oil	Liters 5,200	4,696	5,900
		Industrial Fuel	Liters 56,213	62,485	55,709
GSE VEHICLES (LU)	Diesel	Liters 14,738	18,174	18,844	
	Unleaded Gasoline 95	Liters 4,620	5,398	5,098	

Energy Consumption (Other Sources)

		2023	2022	2021
ELECTRICITY	kW/h	5,935,974	6,197,109	6,058,824
COMPRESSED AIR	kW/h	683,098	771,797	1,055,324

ENVIRONMENT

2023 2022 2021

Energy Intensity Ratio ^[3]

			2023	2022	2021
AIRCRAFT	FTK (CV + C8)	Tonnes of Jet Fuel	8,232,881,156	9,499,967,886	10,213,390,151
	Intensity by FTK	Kg fuel / FTK	0.162	0.155	0.147
BUILDING (LU)	ATK (CV + C8)	Tonnes of Jet Fuel	12,639,530,657	13,728,884,334	14,040,082,295
	Intensity by ATK	Kg fuel / ATK	0.106	0.107	0.107
	Electricity per sqm	kWh/m ²	98.85	87.16	85.21

WATER & EFFLUENTS

Water Consumption

		2023	2022	2021
TOTAL	m ³	10,572	10,007	9,367

[1] Total Jet Fuel includes Jet Fuel A and SAF amounts.

[2] Natural Gas is contributing to 2 different scopes of emissions. Those related to the HQ and maintenance paint cabins are accounted in Scope 1 emissions. Those related to co-generation (BHKW) are accounted in scope 2 emissions.

[3] Leg based FTK & Leg based ATK. - 2022 and 2021 fuel intensity have been recalculated with leg-based FTK and leg-based ATK.

ENVIRONMENT

2023

2022

2021

EMISSIONS

Direct (Scope 1) GHG Emissions (2022 & 2021) [4] [5] [6] [7] [8]

Category	Sub-category	Unit	2023	2022	2021
MOBILE SOURCES	CO ₂ emitted by aircraft	Tonnes	N/A	4,639,145.26	4,743,199.52
	CO ₂ emitted by GSE vehicles	Tonnes	N/A	227.51	210.56
STATIONARY SOURCES	CO ₂ emitted by gas & fuel oil used in facilities management	Tonnes	N/A	311.93	414.77
TOTAL			Tonnes	4,639,684.7	4,743,824.85

Direct (Scope 1) GHG Emissions (2023)

Category	Sub-category	Unit	2023	2022	2021
MOBILE SOURCES	CO ₂ equivalent emitted by aircraft	Tonnes	4,238,362.96	N/A	N/A
	CO ₂ equivalent emitted by GSE vehicles	Tonnes	198.39	N/A	N/A
STATIONARY SOURCES	CO ₂ equivalent emitted by gas & fuel oil used in facilities management	Tonnes	301.08	N/A	N/A
TOTAL			Tonnes	4,238,862,432	

[4] For 2023 reporting, CO₂ equivalent figures are provided as Cargolux is committed to align its disclosures to the Green House Gas Protocol. Along 2023, Cargolux worked with its partners to recalculate the figures accordingly. That is why from 2023 onwards data will be provided in Co₂e. For 2022 & 2021, figures remain in Co₂. All figures have been verified by Verifavia. Co₂ equivalent aircraft figures for 2023, do not make a distinction between SAF & Fossil Fuel.

[5] Base year is used as proposed by IATA for the aviation sector (industry recommended base year), which is 2019.

[6] For 2022 & 2021, the facilities gas emissions factor is provided by the natural gas supplier. The emissions factor is calculated on a basis of joule and cubic meter conversion into Co₂ and done directly by the supplier. For 2023, the emission factors are all based on the DEFRA Database and aligned accordingly.

[7] For 2022 & 2021 the GWP rate data is not available. For 2023, the GWP Rate is already included in the final figure as it was calculated in Co₂e.

[8] For aircraft, the emissions figure represents the total emissions of all Cargolux (including stations) and Cargolux Italy flights. For GSEs and Facilities, the total emissions represent those in the operations of total Cargolux operational control, located in Luxembourg. Cargo Center emissions are not included as the building is not directly controlled by Cargolux.

[9] Emissions Factor (purchased energy): For 2022 & 2021, the facilities gas emissions factor is provided by the natural gas supplier. The emissions factor is calculated on a basis of joule and cubic meter conversion into Co₂ and done directly by the supplier. For 2023, the emission factors are all based on the DEFRA Database and aligned accordingly. GWP Rate (purchased energy): For 2022 & 2021 the GWP rate data is not available. For 2023, the GWP Rate is already included in the final figure as it was calculated in Co₂e.

[10] Emissions factor (purchased electricity): 0 for market based as Cargolux purchases green electricity from a national supplier (ENOVOS). For location based the emission factor is provided by the supplier, according to that defined in the national grid. GWP Rate (purchased electricity): For 2022 & 2021 the GWP rate data is not available. For 2023, the GWP Rate is already included in the final figure as it was calculated in Co₂e.

[11] Figures represent those in the operations of total Cargolux operational control, located in Luxembourg. Cargo Center emissions are not included as the building is not directly controlled by Cargolux.

[12] Waste is reported in kgs and not metric tons as this is the unit used to collect the data at Cargolux. This unit has also been used in previous reporting periods.

ENVIRONMENT

2023

2022

2021

EMISSIONS

Indirect (Scope 2) GHG Emissions [7] [9] [10] [11]

Category	Sub-category	Unit	2023	2022	2021
PURCHASED ENERGY	Co ₂	Tonnes	N/A	1,691.77	2,040.75
	Co ₂ e	Tonnes	1,751.6	N/A	N/A
PURCHASED ELECTRICITY	Market Based	Tonnes	0	0	0
	Location Based	Tonnes	1,068	N/A	N/A

GHG Emissions intensity = GRI 305-4

SCOPE 1	Sub-category	Unit	2023	2022	2021
Aircraft	kg Co ₂ / FTK	Tonnes	0,510	0.488	0.464

WASTE

Waste generated [12]

Category	Unit	2023	2022	2021
HAZARDOUS	Kg	259,656	334,375	431,636.5
NON-HAZARDOUS	Kg	252,942	269,714	264,391.5
TOTAL	Kg	512,598	604,089	696,028

Waste Diverted from disposal [13] [14]

Category	Sub-category	Unit	2023	2022	2021
HAZARDOUS	Recycled	Kg	8,949	3,443	7,945
	Composted	Kg	2,000	168,010	134,500
NON-HAZARDOUS	Recycled	Kg	99,913	115,822	123,241
TOTAL	Kg	110,862	287,275	265,686	

Waste Directed to disposal [15]

Category	Sub-category	Unit	2023	2022	2021	
HAZARDOUS	Incineration (w/energy recovery)	Kg	19,726	66,093	0	
	Landfilling	Kg	0	0	0	
	Other disposal methods	Kg	228,981	96,828	289,191	
TOTAL			Kg	248,707	162,921	289,191
NON-HAZARDOUS	Incineration (w/energy recovery)	Kg	118,660	0	0	
	Landfilling	Kg	0	2,320	0	
	Other disposal methods	Kg	34,369	151,572	141,150	
TOTAL			Kg	153,029	153,892	141,150
TOTAL	Kg	401,736	316,813	430,341		

[13] All waste is treated off-site by external partners.

[14] Figures from 2021 & 2022 change significantly from what is reported from 2023. This is because there has been a shift over the final waste treatment, since the external partner treating it has chosen a different way of disposal in 2023.

[15] Other disposal treatment methods include treatment methods employed to deal with the following materials: end-of-life tires, lead batteries, aluminum, mixed materials, edible oil and fat, discarded electronic equipment, street cleaning residues and waste from sewage cleaning.

GRI 204-1, 205-1, 205-2, 205-3, 206-1
 UNGC CoP G6, AC3, AC3.1, AC5, AC8
 UNGC Principle 1, 7, 10
 SDGs 5, 8, 16

GOVERNANCE

2023 2022 2021

COMPLIANCE & ETHICS

Operations assessed for risks related to corruption

Due Diligence Checks	Total Number	98	73	121
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Communication & Training about anti-corruption policies & procedures^[1]

Total participation in Compliance trainings	Total Number	2,718	2,157	2,756
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Trained Cargolux employees	Total Number	2,511	1,885	2,437
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Incidents of Corruption

Confirmed incidents	Total Number	0	0	0
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Legal actions for anti-competitive behaviour, anti-trust and monopoly practice

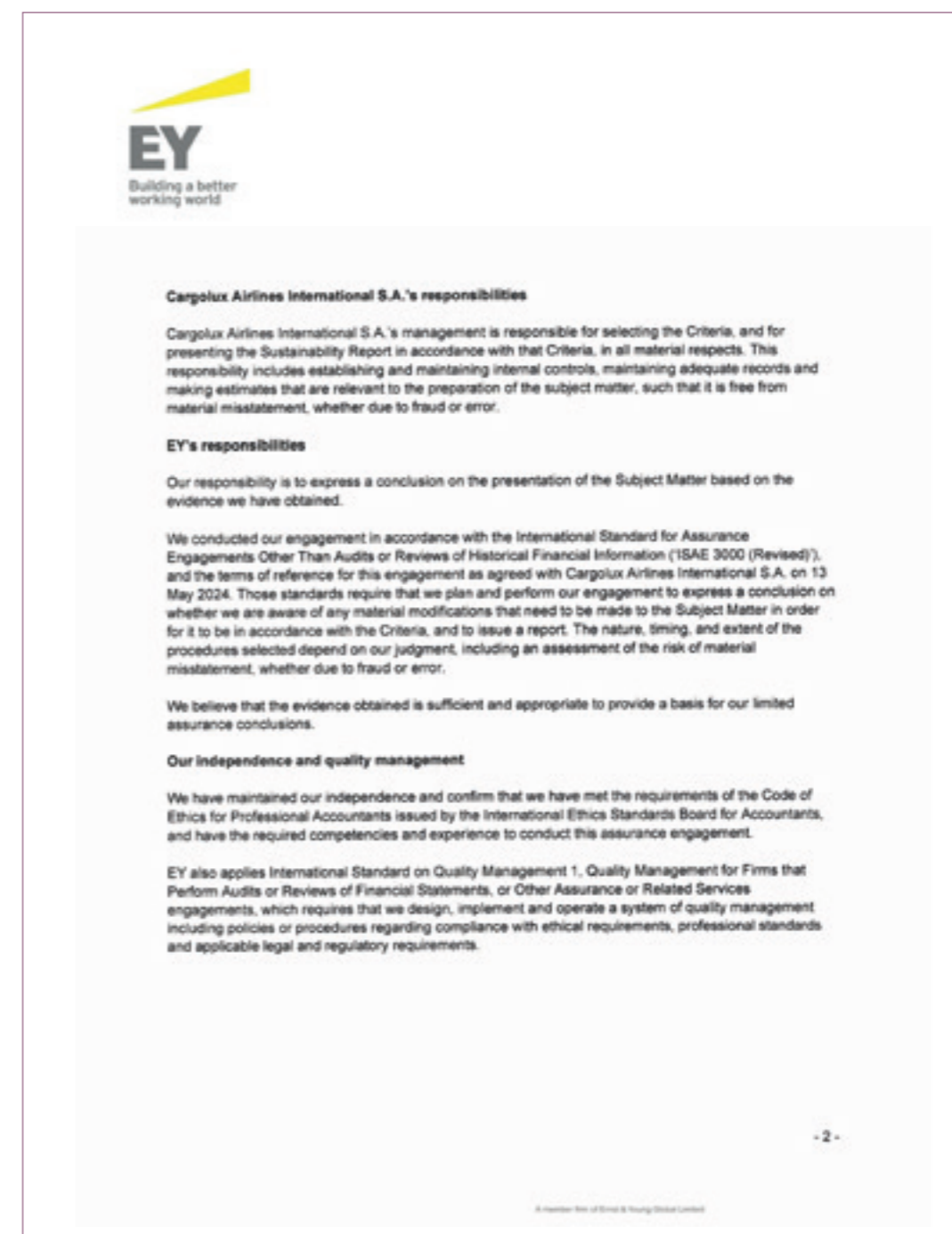
Legal actions	Total Number	0	0	0
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[1] For employees trained, each participation is counted for all courses which is why the number is greater than actual number of employees (some employees attended more than one course).

INDEPENDENT AND LIMITED ASSURANCE REPORT

GRI 2-5
 UNGC CoP G13
 UNGC Principle 10
 SDGs 16



GRI 2-5
UNGC CoP G13
UNGC Principle 10
SDGs 16

GRI 2-5
UNGC CoP G13
UNGC Principle 10
SDGs 16



Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the 2023 Sustainability Report and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Assessment of the suitability of the reporting criteria and their consistent application.
- Interview with senior management and relevant staff and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff at corporate and business unit level responsible for data capture and preparation of the information in the 2023 Sustainability Report.
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.
- Checks on a sample basis of the quantitative information included in the 2023 Sustainability Report as well as its adequate compilation from data supplied by information sources. The tests have been defined to provide limited assurance levels in line with the criteria described in this report.
- Review of material qualitative statements in the 2023 Sustainability Report with regard to consistency and plausibility.

We also performed such other procedures as we considered necessary in the circumstances.



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the 2023 Sustainability Report of Cargolux Airlines International S.A., in order for it to be in accordance with the Criteria.

Restricted use


This report is intended solely for the information and use of Cargolux Airlines International S.A. and for providing limited assurance over the sustainability information presented in the 2023 Sustainability Report and is not intended to be and should not be used by anyone other than those specified parties.

Ernst & Young
Société Anonyme
Cabinet de révision agréé

Olivier Lemaire

Luxembourg, 30 July 2024

GRI 2-5
 UNGC CoP G13
 UNGC Principle 10
 SDGs 16



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ASSURANCE STATEMENT

Context

We have been engaged by Cargolux Airlines International S.A. and Cargolux Italia to perform an independent verification with reasonable assurance of the CO₂ emissions from flights operated in 2023 subject to the Directive 2018/101/EC (EU ETS) and flights operated in 2023 subject to ICAO's Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA).

Type of checks performed during the verification and its results

As the operator uses Method A to calculate and report emissions, the following checks were performed:

- The logical sequence of consecutive flights was verified to ensure that there were no breaks. This serves to ensure the completeness of the dataset.
Results: 0 break was identified.
- The dataset provided was compared against the Eurocontrol records on a comparable scope. This check is aimed at verifying the completeness of the dataset provided to the verifier.
Results: For the EU ETS, UK ETS, and CORSIA schemes, some discrepancies were identified but were all justified by Cargolux Airlines International S.A.
- The fuel in tank values (block off/block on) were checked to ensure that they were in no instance equal to zero.
- The fuel in tank values (block off/block on) were checked to ensure that they were in no instance above the tank capacities of the aircraft in question.
- The fuel consumption calculated based on the operator's block fuel values was compared against the average fuel consumption on the route for that type of aircraft.
- The fuel consumption calculated based on the operator's block fuel values was compared against the SET estimated fuel consumption on the route for that type of aircraft.
- The calculated fuel consumption of all flights as per VEDAS (Verifavia Emissions Data Analysis System) was compared against the calculated values submitted by the operator.
- The aggregate international CO₂ emissions was compared against the SET estimates.

In order to prepare its 2023 emissions reports for EU ETS and CORSIA, Cargolux Airlines International S.A. and Cargolux Italia followed the following rules:

- The EU ETS Directives (Directive 2008/101/EC of 19 November 2008 and Directive 2009/29/EC of 22 April 2009 amending Directive 2003/87/EC)
- The Commission Regulation 421/2014 of the European Parliament and of the Council of 16 April 2014 amending Directive 2003/87/EC
- The Commission Delegated Regulation 2019/1603 of 18 July 2019 supplementing Directive 2003/87/EC
- The Commission Regulation 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC (MRR)
- The Commission Regulation 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse


We conducted the independent verification based on the following verification criteria:

- ISO/IEC 17029:2019 – Conformity assessment – General principles and requirements for validation and verification bodies
- ISO 14065:2020 – General principles and requirements for bodies validating and verifying environmental information

1/2

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GRI 2-5
 UNGC CoP G13
 UNGC Principle 10
 SDGs 16



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- ISO 14064-3:2019 Greenhouse gases – Part 3: Specification with guidance for the verification and validation of greenhouse gas statements
- IAF MD6:2023 – IAF Mandatory Document for the application of ISO 14065:2020
- The Commission Regulation 2018/2067 of 19 December 2018 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC (AVR)

Responsibilities

Cargolux Airlines International S.A. and Cargolux Italia are solely responsible for the preparation and reporting of their emissions data, for any information and evidence that support the reported data, for determining the company's objectives in relation to emissions information and management, and for establishing and maintaining appropriate performance management and internal control systems from which reported information is derived.

In accordance with our verification contract with Cargolux Airlines International S.A. and Cargolux Italia, it is our responsibility to form an independent opinion, based on the examination of information and data presented in the emissions report, and to report that opinion to Cargolux Airlines International S.A. and Cargolux Italia.

We conducted our examination having regard to the verification criteria documents listed above. This involved a site visit to inspect the facilities and interview the staff responsible. It also included examining, on a test basis, evidence to give us reasonable assurance that the amounts and disclosures relating to the data have been properly prepared in accordance with the rules in terms of relevance, completeness, consistency, transparency and accuracy.

Independence statement


We confirm that Verifavia SAS and the verification team are independent of Cargolux Airlines International S.A. and Cargolux Italia and have not assisted in any way with the development of the emissions report, with the exception of this Assurance Statement.

Opinion

We conducted a verification of the 2023 emissions by Cargolux Airlines International S.A. and Cargolux Italia in its emissions reports dated 28 February 2024 and 1 March 2024 respectively. On the basis of the verification work undertaken to reasonable assurance, these data are fairly stated and contain no material misstatements or material non-conformities.

Total international and domestic CO₂ emissions Cargolux Airlines International S.A. and Cargolux Italia together: 4,200,534 tCO₂ (with an emissions factor of 3,15)

Paris, 4 April 2024



Mathias Grossmann
 Aviation Director, VERIFAVIA SAS

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GLOSSARY

A

- A4E**
Airlines for Europe
- ACMI**
Aircraft, Crew, Maintenance, Insurance
- APU**
Auxiliary Power Unit
- ATA**
Animal Transportation Association
- ATK**
Available Tonne Kilometers

C

- CBAM**
Carbon Border Adjustment Mechanisms
- CDA**
Continuous Descent Operations & Approach
- CDO**
Continuous Descent Operations
- CDO (F)**
Continuous Descent Operations (Fuel)
- CDO (N)**
Continuous Descent Operations (Noise)
- CEO**
Chief Executive Officer
- CFO**
Chief Financial Officer

CHINALUX
China-Luxembourg Chamber of Commerce

D

- CNS**
Caisse Nationale de Santé
- CO₂**
Carbon Dioxide
- CORSIA**
Carbon Offsetting & Reduction Scheme for International Aviation
- CREW**
Pilots required for the operation of a flights plus Loadmasters and Flight Mechanics
- CSR**
Corporate Social Responsibility
- CSRD**
Corporate Sustainability Reporting Directive
- CSO**
Chief Sustainability Officer
- CPO**
Chief Pilot Officer
- CWA**
Collective Work Agreement
- CV**
Cargolux
- DEI**
Diversity, Equity and Inclusion
- DELEGATION**
The elected staff delegates and substitute staff delegates pursuant applicable law

E

- DSE**
Digital Screen Equipment
- EASA**
European Aviation Safety Agency
- EMS**
Environmental Management System
- ENISA**
European Network and Information Security Agency
- ESG**
Environment, Social, Governance
- EU**
European Union
- EU ETS**
EU European Trading Systems
- EU NIS**
EU Network and Information Security Directive
- EU PART-IS**
EU regulation on identification and management of information security risks in aviation
- EVP**
Executive Vice-President
- EXCOM**
Executive Committee
- FAA**
Federal Aviation Administration

G

- FEDIL**
Business Federation Luxembourg
- FHL**
Consolidation List Message
- FOC**
Free of Charge
- FTK**
Freight Tonne Kilometers
- FWB**
Freight Weight Bills
- GDP**
Good Distribution Practice (certificate)
- GHG**
Greenhouse Gas
- GRI**
Global Reporting Initiative
- GRC**
Governance, Risk Management and Compliance Practices
- GROUND STAFF**
All employees under the CWA, except Pilots
- GSA**
General Sales Agent
- GSE**
Ground Support Equipment

SUSTAINABILITY
REPORT

2023



cargolux

you name it, we fly it!