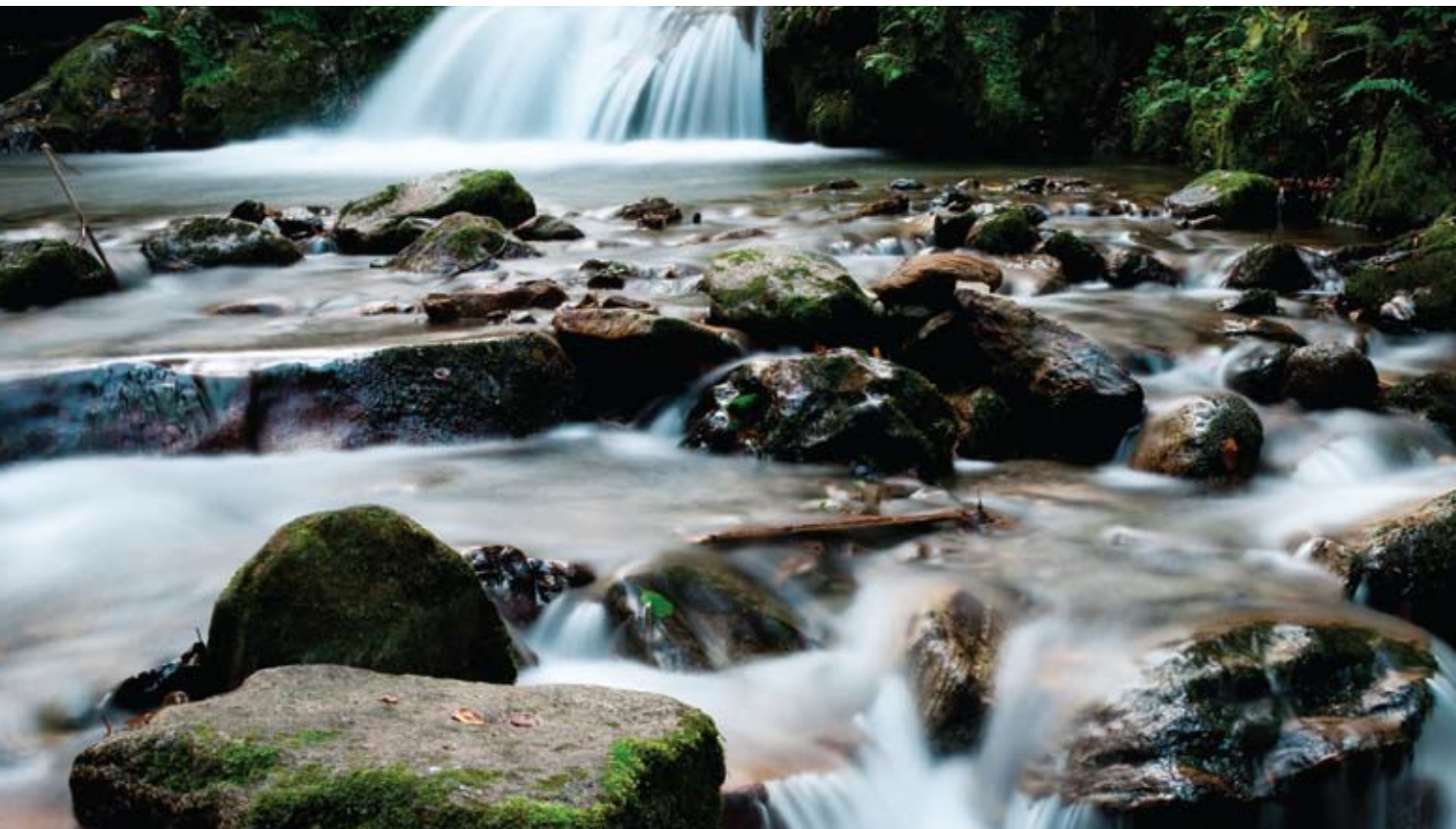


Thinking Green

LSG Sky Chefs'

Annual Environmental Report



Company Information

LSG Sky Chefs is the world's largest provider of in-flight services, including airline catering, in-flight equipment and logistics, onboard services management, in-flight retail and other related airport services. LSG Sky Chefs partners with more than 300 airlines worldwide and operates some 200 customer service centers in 51 countries, producing around 405 million airline meals a year. In 2009, the companies belonging to the LSG Sky Chefs Group achieved consolidated revenues of €2.1 billion.

Environmental Management System

Systematic approach for continuous improvement

Over the past 20 years, LSG Sky Chefs developed what today is considered the in-flight service industry's most structured and expansive approach to Environmental Care. This approach permeates everything we do to ensure wide-scale awareness and continuous improvement throughout our worldwide organization.

The LSG Sky Chefs six-stage approach to environmental responsibility

Environmental Policy

This is the basis for our environmental activities, where among other things we state our commitment to the prevention of pollution, reduction of our environmental footprint, continuous improvement of our environmental performance and compliance with environmental legislation.

Regional Contacts & Programs

We have appointed an individual within each region who is responsible for the environmental program in that particular area. This individual works with the Regional Management Teams and our Corporate Environmental Managers to establish and monitor regional environmental programs. These are customized according to

local requirements and are undersigned by the respective Regional Chief Operating Officer. We are happy to provide customers and other key stakeholders with descriptions of the different regional programs.

Best-Practice Examples

A global best-practice platform enables Regional Managers to share information with their peers around the globe, thus driving continuous improvement throughout the Group.

Key Performance Indicators (KPIs)

Clearly defined KPIs allow us to measure our performance over time. The Executive Board and our International Management Team



have set an energy and water usage reduction target of six percent by 2012 in all of our wholly owned facilities.

An Annual Report

We will communicate our progress to our customers and the market on a yearly basis.

Management Review

Our Executive Board fully supports the environmental responsibility program and carries out regular reviews to develop it further.

Being environmentally-friendly makes sense

Contributing to the protection of our environment is an important part of our corporate social responsibility. Sustainability, of course, does not only refer to taking care of the environment, but to all aspects of being socially responsible. This also includes how we treat our employees and how our business is managed, with the aim of ensuring the long-term responsible care of our resources so that we can remain a stable and successful corporate citizen.

Being environmentally-friendly does not only constitute a moral obligation, especially for organizations in the global aviation industry, it also presents numerous benefits. And as passengers and the public in general become more environmentally conscious, airlines and suppliers can improve both their image and passenger satisfaction levels by acting more responsibly. In fact, they can also differentiate themselves from competitors by promoting their environmental activities. Moreover, there are also economic benefits to being green, for example, reduced fuel consumption for airlines and less waste for both airlines and suppliers. With this in mind, LSG Sky Chefs has developed a host of smart, lightweight and environmentally-friendly solutions.



Caring about the Environment – Measuring Performance

In order to measure our progress we have defined a set of stringent Key Performance Indicators (KPIs). All wholly owned LSG Sky Chefs Customer Service Centers (CSCs) worldwide collate this information on a yearly basis and our Corporate Environmental Managers, who are responsible for steering this global initiative, work closely with them to design and implement the action steps necessary to meet the targets below.

Key Performance Indicators

- Water in liters per meal
- Energy in kWh per square meter
- Recycling quota

Regional Energy and Water Savings Targets

- Reduction in consumption by at least one percent per year
- Overall reduction in consumption of six percent by 2012



Our commitment is reflected in the first comprehensive policy by an in-flight services provider.



The LSG Sky Chefs Environmental Policy



Our Mission

LSG Sky Chefs is a worldwide airline catering company and provider of complete above-the-wing solutions. This policy complements guidelines and principles to our global strategy designed to keep a healthy balance between business and the environment.

Our Environmental Guidelines

Based on the Lufthansa Group Environmental Guidelines we strive for the following:

1. We are a caretaker of our customer's environmental issues.

That means that we support our customers with an exchange of relevant information and know-how. We assist them in creating eco-friendly service and product concepts.

2. We strive to continuously optimize our energy, water and materials consumption.

From design to procurement, from production to customer use and disposal, from building new facilities to vacating sites, all of our business units will consider their impact on the environment in every process area of their activities and recycle – wherever possible.

3. We aim for environmental co-operation with our business partners.

Beginning with key suppliers and customers, we want to identify bilateral possibilities for environmental improvement. We prefer business partners that act accordingly and integrate customer requirements in our objectives. This requires partnership and mutual confidence.

Key Elements of our Environmental Management

We regard the following as essential for our environmental management:

- Availability of an internal organization to manage our environmental system.
- Divisional and regional environmental programs based on this policy to reflect organizational, cultural and legal diversity.
- The setting of targets to analyse our environmental performance to be measured by key performance indicators such as energy per m² and water per meal.
- Appropriate communication and annual environmental reporting to inform our customers, employees and the public about our environmental performance.

Our Commitment

In implementing these guidelines we pursue the following objectives:

- The prevention of pollution and reduction of our environmental footprint.
- Continuous improvement of our environmental performance.
- Compliance with the environmental legislation.

The Global Board is committed to this policy. It will

- give full support to all those authorized to carry it out.
- inform management, staff and interested public about it.
- periodically review it to ensure adequacy and effectiveness.

Neu-Isenburg, Germany, May 15, 2008

Walter Gehr
Chief Executive Officer

Thomas Nagel
Chief Operating Officer

Jochem Muijs
Chief Solutions Officer

Lufthansa Group Environmental Guidelines

1. Environmental protection is a high priority corporate goal.
2. Our guiding principles are those of sustainable economic activity.
3. We strive for continuous improvement.
4. We record and evaluate the environmental impact of our activities.
5. We assess the consequences for the environment before we make a decision.

6. Environmental protection is the base of all.
7. Environmental protection requires innovation.
8. Our environmental responsibility also extends to our sphere of influence.
9. Our basic principle is openness.
10. Our environmental guidelines provide a solid foundation for further protection initiatives.





Caring about the Environment – Best Practices

Based on our Environmental Policy, we have implemented a structured methodology that enables us to continuously measure our performance and exchange best practices. These cover a wide array of areas including waste reduction, process design, replacement of equipment and product innovation.

Examples include:

Waste Reduction

Reducing waste at the source, by sorting it for reuse or recycling, has led to a 33 percent average recycling rate in Europe, the Middle East and Africa. Here, small measures can have a big impact. For example, in the U.S. and Asia we recently implemented a recycling process for aluminium cans and cardboard at selected CSCs. Meanwhile, we have achieved a waste reduction of around 11 percent in this category at our Hong Kong CSC.

Process Design

Today, the optimization of our processes is carried out with the environment in mind. Through our industry-leading Lean Enterprise initiative we have successfully re-designed several production processes, leading to significant savings in energy consumption. For example, by optimizing the storage of raw ingredients and ready-made meal components, and through the modification of certain steps in meal assembly, we have been able to reduce chiller space in some of our CSCs. The results have produced up to a 10 percent reduction in cooling energy consumption at these sites.

Replacement of Equipment

Energy and material-saving equipment is being implemented wherever feasible. The installation of a new generation of environmentally-friendly dishwashers and SIMBA (a new advanced water and energy consumption tracking tool for dishwashers) in select CSCs has helped reduce energy consumption by 15 percent and water and detergent by as much as 50 percent.

Product Innovation

One area in particular where we are contributing to environmental sustainability is product innovation. LSG Sky Chefs is now developing equipment such as trays and tableware made from environmentally-friendly or biodegradable materials. Examples include a lightweight sugarcane tray and crystallized polylactide (CPLA) tableware.

By helping to reduce weight onboard we can offer a win-win situation for our airline customers: less weight means less fuel, leading to both cost savings and reduced emissions.

Weight Savings

- Thermal lightweight trolleys
- Lightweight tray sets
- Lightweight products (e.g. wine bottles)

New Materials

- By-products of natural sources (e.g. sugarcane)
- Biodegradable
- Recycled
- Recyclable
- Longer lifecycles

Our recently developed range of lightweight products includes a thermal lightweight trolley (which also reduces the need for dry ice), stylish tray sets, and even lightweight wine bottles. Furthermore, the type of materials we use in products can also make a difference to the environment, taking into consideration the complete lifecycle from sourcing through to usage and disposal.

Biodegradable sugarcane tray made from the by-product of a natural resource.

Benefits

- Lower emissions and costs through reduced fuel consumption
- Responsible usage of raw materials
- Environmentally-friendly waste disposal: biodegradable (decomposes within 180 days)
- As oil costs rise, sugarcane becomes comparatively cheaper

“Quantum” lightweight trolley by LSG Sky Chefs and Norduyn

- Development of thermal lightweight trolley
- Focus on weight reduction, thermal efficiency and reduced maintenance needs
- Designed to meet the needs of airlines and their crews

Benefits

- 40 percent weight saving – for example, one half-size version of our new lightweight trolley weighs just below 10kg, a groundbreaking result
- Lower emissions and costs through

less fuel consumption

- Reduction of dry ice by 30-50 percent
- 34 percent fewer parts, reducing inventory and maintenance costs



LSG Sky Chefs

Corporate Communications
Dornhofstraße 38
63263 Neu-Isenburg
Germany

Phone +49 6102 240-897
Fax +49 6102 240-885
info@lsgskychefs.com
www.lsgskychefs.com



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