FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

N3 Engine Overhaul Services GmbH & Co. KG Annual Report

1. Structure, activities and supply chains

N3 Engine Overhaul Services (N3) in Arnstadt, Thuringia, is the European Technology Centre for the maintenance and repair of Rolls-Royce Trent engines and components. The joint venture between Lufthansa Technik AG (LHT) and Rolls-Royce plc has 1183 employees as of December 31st, 2025. N3 is an independent company, but its shareholders have agreed (and documented in the Joint Venture Agreement) that N3 shall be closely linked to LHT/ Lufthansa Group (LHG) for compliance purposes. For this reason, you will repeatedly find the link to LHT or the LHG in our statement.

2. Supply Chains

Taking ESG aspects in the supply chain into account is an important element of acting responsibly. In addition to economic aspects, impacts on human rights and the environment are taken into consideration during the procurement process. To meet the standards N3 sets for a proper sustainability of its services, N3 relies on close collaboration with suppliers who share and implement these standards. This also is an integral part of N3's Code of Conduct. N3´s expectations of its suppliers regarding social, ecological, and ethical responsibility are summarized in the N3 Supplier Code of Conduct.

The obligation to assume social and environmental responsibility is a key element of the N3 procurement policy. By including respective obligations in contracts with suppliers, N3 endeavors to ensure responsible practices by its direct suppliers to meet its own standards for corporate responsibility and to prevent risks. The following obligations, among others, are requested to be included in contracts with suppliers:

- to comply with the 10 principles of the UN Global Compact
- to comply with basic principles of the International Labor Organization (ILO).
- to provide contractual services in compliance with the protected legal positions
- participate in training depending on risks
- to inform the N3 about identified risks and measures taken
- to support prevention and remedial measures
- to grant the right to carry out audits
- to grant the right to terminate the contractual relationship in the event of a breach of the agreements

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

Acting responsibly in accordance with applicable laws and internationally recognized standards, while respecting human rights, is a core aspect of the corporate culture of N3. As a supporter of the UN Global Compact (UNGC), N3 gives great importance to aligning its business with the internationally acknowledged principles laid down in the UNGC.

Acting with integrity and in accordance with internationally acknowledged values and standards requires that all managers and employees comply with applicable laws, internal regulations and voluntary commitments at all times. By adopting a Code of Conduct, N3 has created a framework through which all business decisions are made. The principles set out in the Code of Conduct include corporate responsibility for society and the environment, business activities based on integrity and responsibility for the company and its resources. These principles constitute the foundation of N3's value system and define guidelines for the actions of its managers and employees.

A dedicated chapter for "Respect for human rights" expressly states:

"We want to promote human rights worldwide. We aim to anchor this expectation in the companies of the Lufthansa Group and their supply chain. Human rights include, in particular, prohibition of both child and forced labor and slavery, compliance with occupational health and safety obligations, respect for freedom of association, working conditions that are adequate and humane, and refraining from environmental pollution, land deprivation, torture and cruel, inhuman or degrading treatment.[1]"

Our suppliers are additionally subject to N3´s Supplier Code of Conduct. N3´s suppliers must not make use of child labor, especially not the worst forms of child labor. They should actively promote the elimination of child labor (ILO core labor standards 138 and 182). Suppliers of N3 must not use or tolerate any form of (modern) slavery, servitude, forced or compulsory labor, human trafficking or comparable forms of exploitation, oppression or humiliation (ILO core labor standards 29 and 105). They must ensure that their employees carry out their work of their own free will and without restrictions to their freedom of movement. Our suppliers should actively campaign for the elimination of all forms of forced labor or slavery.[2]" N3 seeks to prevent, minimize, and/or end risks and violations related to human and environmental rights within our own business area as well as our supply chain through preventive and remedial measures.

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

The German Supply Chain Due Diligence Act (LkSG) came into effect on January 1st, 2023, and established further binding due diligence obligations. The obligations are intended to

[1] N3, Code of Conduct, p. 10 https://www.n3eos.com/en/company/compliance

[2] N3, Suppliers Code of Conduct, p.4 2024 https://www.n3eos.com/en/company/compliance

ensure that human rights are respected in the supply chain as well as within the corporation. In its application, the LkSG addresses 12 human rights-related and eight environmental risks. The Lufthansa Group Human Rights and Non-Discrimination Team implemented a risk analysis for over 290 Lufthansa Group companies (including N3) within own business division and for more than 56,000 suppliers (including N3´s suppliers) in the reporting year. Software was used to assist in the appropriate identification, weighing, and prioritization of risks given the large number of companies. In line with the German Supply Chain Due Diligence Act, the risk of child labor as per s.2 (2) 2 (a)-(d)[3] and the risk of forced labor as per s.2 (2) 3[4] were both explicitly considered in the risk assessment.

The risk was calculated on the basis of country and sector risk indicators and media reports. In addition to external data sources, internal findings such as information received via Group reporting channels, including the anonymous whistleblower system, were also taken into account. The Lufthansa Group prioritizes the risks of disregarding occupational health and safety, and freedom of association based on the results of the overall risk analysis. There were no red flags on the part of N3. A portfolio of measures has been developed including inter alia specific policies and processes, minimum standards and trainings' formats. In addition, awareness is created by means of internal and external communication. This includes a statement by the General Management of N3 as a global acting company that respects human rights.

In order to identify human rights, environmental, compliance and financial risks in the supply chain before contracts are awarded and to comply with standards, N3 has established a supplier review process. If a supplier falls into a risk category in the first step of the review, e. g. because of the country of origin or the product group, a more in-depth review will be carried out, including using external sources. The review process helps to identify potential risks before a contract is concluded, to determine necessary measures to minimize risks or, as a final measure, to prevent collaboration with the respective supplier.

N3 uses audits to check for compliance with human rights and environmental due diligence obligations and whether the N3's risk management is appropriate. The audits are primarily

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

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

carried out by Internal Audit. They can also be carried out by external auditors as warranted or on the basis of required specialist knowledge.

For the effective prevention of negative human rights or environmental impacts, N3 reviews the effectiveness of its preventive and remedial measures and makes any necessary adjustments. This includes evaluating information from affected parties, obtaining feedback from target groups, and conducting spot checks and audits. In addition, active exchange is sought with internal interest groups such as employee initiatives and employee representatives, as well as external stakeholders.

5. Due diligence - measures

If N3 detects an actual or imminent violation of human rights or environmental obligations, it introduces appropriate remedial and preventive measures.

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

In cases when it is not possible to eliminate, prevent or minimise a violation in relation to a supplier, N3 develops and implements an appropriate remedial and/or preventive policy. Various measures are considered when developing and implementing a remedial policy. The first step is to develop and implement a plan to eliminate or minimise the violation together with the responsible company. To reduce risk, the business relationship may be temporarily suspended. As a last resort, N3 reserves the right to terminate the business relationship.

Whistleblowing procedures

Companies are obliged to identify human rights risks and report the type and number of suspicious incidents. Employees of N3 as well as external third parties, such as customers or suppliers, have several options to file a complaint, also anonymously by the electronic whistleblowing system available in a variety of languages or to the ombudsman. Grounds that one can submit their report based on, explicitly mention child labour and forced labour or modern slavery as a category[5].

N3 employees can also contact the Lufthansa Group Human Rights Office, their supervisors, human resources management or the co-determination bodies directly. Several works' agreements with regard to grievance procedures is already in place.

An overview of all our whistleblowing channels and the Lufthansa Group's Rules of Procedure pursuant to Section 8 of the German Supply Chain Due Diligence Act is available on our website[6].

[5] Whistleblowing System - Lufthansa Group Investor Relations

[6] https://www.n3eos.com/en/company/compliance

6. Remediation of loss of income

Not Applicable

7. Training

N3 participates in the Lufthansa Group´s developed web-based training “Human Rights Due Diligence” in the reporting year, which is intended to provide basic knowledge and raise awareness on the topic of human rights, the identification of risks and violations, and reporting channels. The content of the training covers:

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

Additionally for employees with purchasing tasks:

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

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

Approval and attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in the report for the entity above. Based on our knowledge, and having exercised reasonable diligence, we attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Holger Sindemann, 27.05.2026
Managing Director

Stefan Landes, 27.05.2026
Managing Director