Social, corporate citizenship and environmental information

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Air France-KLM’s commitment to Corporate Social Responsibility is based on respecting fundamental rights as enshrined in a series of major international principles: The Universal Declaration of Human Rights, The International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, the Organization for Economic Cooperation and Development’s (OECD) guiding principles.

In its Corporate Social Responsibility Statement, the Group sets out its commitment to environmental protection, the promotion of social values and local development, an ambition which is reinforced by the Social Rights and Ethics Charter and by the Climate Action Plan.

As a signatory of the United Nations Global Compact since 2003, Air France-KLM is committed to respecting and promoting its ten principles in the areas of human rights, labor standards, the environment and the fight against corruption.

Pursuant to Article 225 of the application decree for the French Grenelle II legislation of July 12, 2010 and the European Prospectus directive (EC 809/2004), the reporting is shown in the text and in the tables of indicators. The social, corporate citizenship and environmental information has been reviewed in its entirety by one of the Group’s Statutory Auditors, based on the modalities stipulated in the notes on the social and environmental methodologies.

The reporting scope covers mainly the companies Air France and KLM. Any difference in scope is indicated in the text. Concerning the Air France Group, information on issues specific to the Servair, ACNA and Paris Air Catering subsidiaries is presented in the Servair management report.

### 4.1 Social information

The number of Full Time Equivalent (FTE) employees in the Air France-KLM Group averaged 94,666 in the 2014 financial year (excluding external labor), i.e. a 1.8% reduction relative to the previous financial year.

<table>
<thead>
<tr>
<th>Employees, expressed as full time equivalent (FTE)</th>
<th>Air France-KLM</th>
<th>Air France Group*</th>
<th>KLM Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground staff</td>
<td>69,994</td>
<td>66,535</td>
<td>65,088</td>
</tr>
<tr>
<td>Cabin crew</td>
<td>22,347</td>
<td>21,779</td>
<td>21,552</td>
</tr>
<tr>
<td>Flight deck crew</td>
<td>8,403</td>
<td>8,103</td>
<td>8,027</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100,744</td>
<td>96,417</td>
<td>94,666</td>
</tr>
</tbody>
</table>

* Scope taken into account for the Air France Group: for 2012, the CityJet Group is included in the reporting but Airlinair, which became part of the Group on March 31, 2013, is not taken into account; for 2013 and 2014, the CityJet Group is excluded whereas Airlinair is included.

Taking into account external labor, averaging a respective 3,181 in Full Time Equivalent during the 2014 financial year and 2,976 in Full Time Equivalent for 2013, the number of employees in the Air France-KLM Group as a whole declined by 1.6%: 65,153 FTE for the Air France Group (66,886 in 2013) and 32,695 FTE for the KLM Group (32,507 in 2013). Sixty-eight per cent of staff were employed by the Air France Group and 32% by the KLM Group.

Ninety per cent of the Group’s employees are based in Continental France and the Netherlands with 10% located in the Group’s international operations.

Sixty-two per cent of the Group’s employees are aged between 30 and 50 years.
4.1.1 A high-quality workplace dialogue to contend with the economic challenges

Air France-KLM

The Corporate Social Responsibility Statement and the Social Rights and Ethics Charter form the foundation of the Group’s commitments by reaffirming the values and fundamental rights that guide its social and ethical policy. However, differences in employment legislation between France and the Netherlands require Air France and KLM’s HR policies to remain separate.

The Air France-KLM Group recognizes the constraints and risks to which it is exposed and the need to adapt to a more rapid pace of change. At the same time, it seeks to preserve cohesion by fostering a high-quality workplace dialogue and pursuing a policy based on treating people with respect.

Within a 2014 context of transition between the completion of the Transform 2015 plan and the launch of Perform 2020, this fostering of the workplace dialogue enabled the implementation of the Group’s strategic plans and the management of change for all employees.

HR dimension of the Transform 2015 and Perform 2020 plans

In 2012, within a globalized and extremely competitive air transport sector, Air France-KLM launched a transformation plan, Transform 2015, to enable a recovery in the Group’s competitiveness by the end of 2014.

This plan was adapted within each company to ensure the most appropriate response to achieving these objectives (see also Section 2.2, Strategy) and was accompanied by a review of all the collective labor agreements relating to the payroll, employees, working time and social security contributions. A negotiation process specific to each company was subsequently launched, resulting in the establishment of new working conditions.

At Air France, in addition to immediate measures concerning investment, costs, revenues and human resources, a series of more structural measures were defined via the negotiation and consultation process, then deployed in each of the entities. These were aimed at achieving a 20% improvement in economic efficiency by 2014, relative to the 2011 results, by mobilizing a number of levers: controlling the payroll, reducing headcount via Voluntary Departure Plans, increasing the number of hours worked, adapting scheduling to requirements and facilitating mobility.

The consultation process with the Air France Corporate Works Council on the orientations of the new Perform 2020 strategic plan and their consequences for the Forward Planning of Jobs and Skills took place between September and December 2014.

At KLM, 2014 was the third and final year of the Transform 2015 – Securing Our Future plan and the company was focused on achieving the plan’s objectives. A presentation on the results, together with the forthcoming phases, was made to staff during two live webcast sessions and four conference-center-based meetings attended by some 1,100 employees from across KLM. During these interactive webcast sessions and meetings, presentations were also made on the new Perform 2020 plan.
Eighty-eight collective labor agreements were signed in the Air France Group during 2014.

For Air France, 12 Ground Staff agreements, nine Pilot agreements and five Cabin Crew agreements (excluding agreements/clauses for the Flight Deck Crew category of staff) were approved in 2014, following negotiations at staff category or inter-category level with the unions. These notably covered:

- social protection (complementary scheme and health care costs, coverage of the long-term illness, invalidity and death assurances);
- implementation of profit-sharing and bonus schemes;
- framework and contractual resources for the exercise of union law;
- planning for the union elections in March 2015 and the renewal of the mandates of the employee representative bodies, works councils, Corporate Works Council and employee representatives expiring during that month;
- improvement of the organizations, working conditions, quality of life in the workplace and risk prevention;
- employment, including the employment of persons with disabilities;
- Transform 2015 plan measures.

In addition to the agreements outlined above, the workplace dialogue was shaped by the joint observatories for the deployment of Transform 2015. These observatories, deployed at the level of the Ground Staff, Pilots and Cabin Crew, enabled the transparent monitoring of progress on the changes under way, based on a series of shared indicators measuring economic efficiency. Involving members of the management and representatives of the unions who were signatories of the Transform 2015 framework agreements, these three observatories met quarterly as of the launch of Transform 2015, sometimes within the framework of meetings common to the three staff categories, resulting in more than 30 discussion meetings.

The final quarter of 2014 was the opportunity to share with the employee representatives the detailed results of the Transform 2015 plan, in the light of benchmarking realized in each of the business segments.

For the Ground Staff, these Transform 2015 results were notably shared in November 2014, after the first nine months of the 2014 financial year, with the unions who had been signatories of the main Ground Staff collective labor agreements covering the period of the plan. This report highlighted the overall successful achievement of the targets in the Ground Staff section of the plan, with the implementation of priority measures which contributed to delivering a structural improvement in the company’s situation. These required changes for the company and its staff were carried out while respecting a series of pre-determined guarantees on employment, industrial scope and compensation.

Given these results and perpetuating the agreement-based Transform 2015 dynamic initiated by the Ground Staff framework and methodology agreement signed in March 2012, a third clause to the July 2012 Transform 2015 agreement was signed in December 2014 and entered into force on January 1, 2015. This clause improves the guarantees made to ground staff at a time when the company is embarking on a consolidation phase to pursue the company’s turnaround. Furthermore, it offers a time frame which is more adapted to the forthcoming negotiations on the three-year Forward Planning of Jobs and Skills agreement and the prevention of the consequences of economic changes.

As regards Flight Deck Crew, agreements aimed at a 20% improvement in economic efficiency were signed with the Pilots in November 2012 and with Cabin Crew in March 2013. The implementation of the Cabin Crew agreement was broadly in line with its objectives, even though some measures still require structural integration. The objective of the Pilots agreement has been partially achieved, with some measures awaiting implementation. Furthermore, a pilots’ strike saw a dispute between pilots and the management in September 2014 regarding the development of Transavia France. An agreement was finally signed enabling the development of Transavia France for up to 40 aircraft.

(See also pages 4 and 5 and section 2.2.3, page 53).

**On-going management of overstaffing within the framework of the collective agreements**

In return for the agreements signed with the three staff categories and a commitment to no lay-offs for the 2013-14 period, headcount reduction plans were established in 2012 and 2013 for each employee category comprising Voluntary Departure Plans in support of personal and professional projects, and retirement departures.

The difficult economic environment and the competitive situation in the various markets required additional headcount reduction in 2014, essentially in the segments posting the widest cost disparities relative to the competition (ground handling and, in particular, point-to-point) or experiencing a decline in demand (cargo).

It was to enable this headcount reduction while respecting the General Management’s commitment to no lay-offs that a new Voluntary Departure Plan for Ground Staff targeting 1,826 FTEs was launched at the end of 2013.

This additional plan was the subject of a new agreement, dated November 26, 2013, significantly stepping up the offer to employees by, in particular, reinforcing the support measures to encourage professional conversion (formalized career path involving “occupational re-training” leading to a diploma or certificate and a bona fide job offer at the end of the conversion course), improving the tapered temporary support and the availability of transport facilities.

Voluntary Departure Plans concerning Pilots and Cabin Crew were also offered in 2014.

Naturally, all of these measures consistently respected the three key principles: voluntary, free access to information and the confidentiality of individual plans.

The Voluntary Departure Plan for Ground Staff broadly achieved its target, i.e. a headcount reduction of 1,660 FTEs (90% of the target), while the Cabin Crew plan enabled a reduction of 426 FTEs and the Pilots plan a reduction of 99 FTEs.
Facilitating internal mobility

The number of inter-divisional transfers more than tripled relative to 2012, reaching 1,200 in 2014. These transfers resulted from the growth of the maintenance activities, the closure of cargo sites and departures within the framework of the Voluntary Departure Plans.

Within the framework of the closure of cargo sites at Orly and in the French provinces (except Lyons) more than 100 employees were transferred to new positions in, principally, the maintenance business. The latter welcomed a total of more than 250 staff from other divisions, most of them benefiting from the opportunity to gain a professional qualification or diploma. Commercial Marketing also welcomed around a hundred employees.

The internal jobs exchange recorded 7,000 applications for some 900 job offers.

The mobility centers, staffed by some ten internal mobility support specialists, offered their services in virtually all the sites in Continental France (Roissy, Orly, Montreuil and the French provinces).

More than 1,400 people thus benefited from personalized support within the framework of a mobility project in 2014. Furthermore, the number of participants in the thematic conferences and job-dating events, showcasing the professions in the company which are recruiting, doubled relative to 2013 (1,600 at the end of October 2014) while the number of interview preparation workshops (150) tripled.

Internal mobility is thus considered to be one of the key factors in the success of the employment policy.

Internship program

Within the framework of the Intergenerational Agreement signed with the unions in 2013, Air France pursues an ambitious recruitment policy for interns drawn from both vocational training and higher education.

In 2014, Air France welcomed some 1,550 interns (710 FTEs, i.e. approaching 2% of total staff), representing a 7% increase (in FTE) relative to 2013.

Since the recruitment opportunities at the end of internships are very limited given the company’s financial situation (most of the 49 new recruits were for the maintenance division in 2014), Air France has launched a series of vocational integration initiatives to support interns not recruited on permanent contracts (job-seeking workshops, employment forums, networking with companies in the Paris-CDG labor pool).

Organization of working time

The framework agreement signed on July 6, 2012 enabled a revision in the Ground Staff collective agreement, the implementation of a Voluntary Departure Plan and a revised working time agreement.

The new working time agreement signed on January 25, 2013 and in force since April 1, 2013, replaces the previous 26 agreements. On average and over a full year, it translates into an increase of 10 to 12 days worked per employee.

The average length of the working week applied within the company is consistent with the duration stipulated by the law in force. In 2014, the percentage of employees working part time in France remained stable relative to 2013, and continued to be impacted by the measures to encourage part-time working (21.1% in 2012, 24.2% in 2013 and 24.5% in 2014).

The absentee rate for sickness, maternity or work-related accidents amounted to 5.38% in 2014, slightly down on its level in 2013 (5.58% in 2013).

Compensation

The implementation of the immediate measures within the framework of the Transform 2015 plan led to a freeze on general salary increases for all staff categories in 2014 for the third consecutive year, and did not enable the signature of an agreement within the framework of the Annual Wage Negotiation.

In 2014, a budget of 1.4% of the payroll, identical for both Continental France (Roissy, Orly, Montreuil and the French provinces).

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Workplace dialogue and employee information

Ten meetings of the KLM Works Council were held during 2014. One additional meeting was organized, attended by the Air France-KLM Group’s Chairman and Chief Executive Officer, Alexandre de Juniac, devoted to a presentation of the new strategic plan Perform 2020.

Forty-two requests for consultation and approval were handled this year, mainly regarding the formalization of the Air France-KLM Group’s “New Phase of the Group” further integration phase.

In 2014, the Conscientious Objections Procedure was finalized. This procedure was developed in cooperation with the KLM Works Council and applies to all KLM staff, including those in its European subsidiaries.

At KLM monthly meetings are held with the unions representing Flight Deck Crew, Cabin Crew and Ground Staff to discuss issues relating to the collective labor agreements. In addition to these monthly meetings, meetings were also scheduled in 2014 to establish a new salary structure for Cabin Crew and to align the pension schemes due to changes in the Dutch fiscal regulations.

In December 2014, negotiations for the renewal of the three Collective Labor Agreements were engaged during which KLM presented its main goals for the coming five years: a 1.5% annual reduction in unit costs, a 10% reduction in labor costs and a 4% annual increase in productivity. In 2014 the new MyCAO platform was launched to inform and foster dialogue with KLM employees on the content of the CLA negotiations.

Furthermore, KLM seeks a direct dialogue with its employees who are encouraged to share their opinions and ideas. In 2014, KLM carried out an employee engagement survey within all the company’s divisions except in Cargo and Commercial, the latter two departments carrying out an engagement survey jointly with the Air France-KLM Group. The results of this survey will be analyzed in early 2015. Employees were also invited to share their ideas via a number of communication channels during the live webcasts and conference center sessions.

New collective labor agreements

For KLM, the targets in the HR dimension of the Transform 2015 plan aimed to improve productivity and reduce support staff by 10% without recourse to layoffs. The application of the internal mobility scheme was pursued to fill positions left vacant following departures.

As in 2013, the number of external hires was very low in 2014. The search for internal candidates now having become more difficult, a resolute focus on optimizing the mobility process is required.

Despite the difficult financial environment, KLM hired a limited number of young professionals in different development programs during 2014. For example, the year saw nine young professionals enrol in the KLM Management Trainee program and four in the IT Management Program. Additionally, more than 450 interns joined KLM in 2014, illustrating KLM’s commitment to assuming its responsibility vis-à-vis students and young professionals by offering them the opportunity to gain valuable work experience and preparing them to enter the jobs market. Short and long-term internships are offered to students drawn from both vocational training and higher education.

Recruitment Services represents KLM in a series of campus recruitment events. The high number of applications for both the KLM Management Programs (more than 3,400) and internships (more than 800) testifies to KLM’s attractiveness as an employer. Furthermore, in 2014, KLM was ranked amongst the ten Best Dutch Employers in the Effectory Best Employer survey (category for companies with 1000+ employees).

Employment and mobility

The principle of limited recourse to external hiring, in place since 2008, was maintained in 2014. As in previous years, this led to the implementation of measures to incentivize internal mobility within the company, in cooperation with the unions.

In 2014, the number of employees hired on permanent and temporary contracts stood at 1,989 for the KLM Group (versus 1,319 new hires in 2013), while departures stood at 1,824 versus 1,266 in 2013.

Taking into account the recruitment and departures during 2014, the KLM Group had 34,662 employees at the end of 2014, compared with 34,664 at the end of 2013.

Employability and internal mobility are HR priorities. They enable employees to develop their careers and, at the same time, ensure that KLM has the flexibility required to contend with a difficult economic environment.

The principle of non-replacement of staff, a policy in place for some years, was maintained during 2014. Within the framework of the weekly mobility monitoring meeting, centralized for all KLM divisions and subsidiaries, particularly attention is paid, for example, to matching candidates seeking a job transfer with vacant positions across divisions. To further promote mobility across the different KLM divisions, all divisions have the opportunity to promote themselves and any available positions that are proving difficult to fill during these weekly meetings.

Various programs have been designed to encourage employees to be more mobile and familiarize them with the tools at their disposal. A number of initiatives have been launched with, for example, the Ground Services division putting in place a number of mobility centers to meet the specific needs of employees in this division.

In 2014, KLM continued its participation in the Aviation Sector Fund, a foundation established notably by KLM and the unions to promote and foster education, employability and mobility in the aviation industry by, for example, coordinating subsidy applications for training and employability activities undertaken by its partners. In 2014, the subsidy application, filed in 2013 by the Foundation, was granted and will be used to develop industry initiatives in the sector.
Organization of working time

Due to the legal provision for part-time working in the Netherlands, which enables all employees to reduce their hours except in the event this would entail employer bankruptcy, part-time working is very widespread, particularly amongst women although this is also increasingly the case for men. In 2014, the proportion of KLM Group employees working part time stood at 39.1%, unchanged on the previous year (39.1% in 2013).

The overall absenteeism rate for KLM stood at 5.77% in 2014 (including illness/injury resulting from workplace accidents, which was 0.13%) versus 5.30% in 2013 while, for maternity leave, which is not considered to be absence due to illness, the rate was 0.49% in 2014.

Compensation policy

There were no general salary increases in 2014.

KLM has three main pension funds for KLM Ground Staff, Pilots and Cabin Crew. Each fund is independent and has its own Board whose members are appointed by both the employer and the employees.

In 2014, agreements were signed to align the pension schemes with the new pension legislation in force as of 2015 and renewed discussions are planned on “future-proofing” the pension schemes over the longer term during the current year.

4.1.2 Training

Air France

At the very heart of its concerns, flight safety, the safety of individuals and the prevention of accidents in the workplace are all absolute priorities for Air France when it comes to both investment and training. In 2014, training meeting these requirements represented more than one third of overall training hours.

Furthermore, against a backdrop of on-going cost saving, Air France maintained a high level of investment in training during 2014, with €186 million dedicated to employee learning. The rate of employee access to training was above 90%, knowing that, in large companies, this figure averages 60%.

Access to training for all employees is thus a resolute focus for Air France and is supported, notably, by innovative apprenticeship initiatives such as an e-learning tool developed for Cabin Crew and accessible by digital tablet, the roll-out of virtual classes for foreign language learning, the deployment of My Learning (a new self-service training platform aimed at managers) and blended learning, etc.

Lastly, Air France also pursued its policy regarding personal training entitlements (DIF or Droit Individuel à la Formation) which represented 12% of hours of training in 2014, as in 2013.

All the above indicators illustrate Air France’s commitment to providing employees, notably via training, with the means to exercise their functions (development of skills and qualifications) and supporting them in their career mobility and professional transformation.

In 2014, the major challenge was to facilitate mobility and professional transfers. As a function of the requirement for job transfers and professional qualifications defined with the framework of the Forward Planning of Jobs and Skills, Air France focused its support on employees changing divisions and professions with the dual objective of developing the skills required by their new positions and securing their career paths by increasing their employability. Several types of schemes were put in place:

♦ adaptation training for new accountants, buyers and secretaries in the business lines;
♦ training leading to professional diplomas and other qualifications in the:
  ♦ maintenance division: CAP, BAC pro, BTS Maintenance, DUT technology degree in Logistics, CESI Engineering qualification,
  ♦ IT division in partnership with the IUT d’Orsay: vocational degree in Developing New Technologies. An IT Network DUT technology degree is also being studied for future network technicians;
♦ vocational training blended with Validation of Prior Learning-based schemes and training to round-out this experience aimed at both developing the skills of existing employees and increasing their employability: a first year’s intake was established for the payroll profession in partnership with the University of Rennes, aimed at obtaining an HR Professional Degree specializing in payroll management with other trials being launched for, notably, the Customer Relations and IT Network technicians professions.

In 2014, Air France also pursued its training policy aimed at supporting projects within the framework of Transform 2015 like, for example, the “Service Signatures” training which was deployed on a massive scale for all front-line staff. Training also supported the transformation of managerial practices through both the deployment of the “Development of Managerial Practices” initiative and the launch of a new My Learning platform, a collaborative platform dedicated to the 8,000 Air France managers, and aimed at self-service learning addressing their day-to-day issues.
KLM

At KLM, training is a key lever in increasing staff employability and supporting their career progression and mobility.

Within the framework of the Transform 2015 plan, KLM continued to focus on vocational training and staff development while containing costs. New training programs were deployed to optimize skills transfer within the company with managers being offered tools to monitor the effectiveness of training initiatives in the workplace.

In 2014, the KLM Academy, an in-house training center for managers and specialists, launched the Develop Yourself Tool, an online platform which enables staff to learn anywhere, at any time. Six months after its launch, 1,500 employees had visited the platform. The KLM Academy also launched a new offer for managers with eight new one-day workshops on different themes to supplement the longer existing programs. Last year, 160 managers enrolled in these workshops.

KLM also initiated a mentoring program to train 35 mentors who have subsequently posted their profiles on the intranet site. Applicants for the mentoring program are free to choose their own mentors. Additionally, ninety-six employees spread across a number of different sessions participated in “intervision”, a peer-to-peer event aimed at discussing practical solutions and helping each other move forward.

In 2014, KLM organized ten “Guest Seminars” and nine “Open Podium” sessions during which KLM staff and experts from their networks shared best practices and experience.

Besides KLM-wide initiatives, training activities were also organized in individual KLM departments. For example, the KLM Business Campus, in cooperation with Ground Services, re-engineered the learning program for new Passenger Handling employees, resulting in an annual cost saving of more than €200,000. Other savings were achieved by replacing a classroom-based training program in the Baggage Handling department by a mobile device-based game (app), which can be played during off-peak hours.

In KLM’s IT department, a number of training initiatives were organized to support employees in “The New World of Work”. For example, three training modules were developed specifically for managers since it is they who have to support and steer change. The themes of these modules included “Managing for results”, “Leadership” and “Work-life Balance”. On average, some 40 employees participated in those three modules.

In 2014, training expenses amounted to €76.6 million for the Netherlands, representing an investment of €3,229 per employee, a 22.4% increase relative to 2013. For the past few years, the indicator defined by KLM to measure the efforts made with respect to training has been the annual investment in euros per employee. This choice results from both the statistical tracking tools used by the company and from Dutch legislation.

KLM also continued its efforts to enable more staff to obtain a formal diploma through the VPL (Validation of Prior Learning) scheme, which resulted in 112 employees gaining vocational training diplomas in July 2014 and 19 employees continuing their program (second year). The new program, offering KLM employees the opportunity to enroll in secondary vocational training without having first obtained a VPL certificate, is proving very successful. In total, 91 employees started a new vocational training program in September 2014.

In 2013, KLM became a partner of Luchtvaart College Schiphol (Schiphol Aviation College), which brings together aviation businesses, vocational education institutions and the regional authorities in initiatives to stimulate the Schiphol region employment market by acting as a resource center for information on aviation jobs and training. In 2013, KLM and Schiphol Aviation College joined forces with a well-known Dutch employment agency to offer temporary assignments to individuals with limited access to the labor market, offering them the opportunity to gain valuable work experience and vocational training. The first seven candidates started in September 2013, and five will be finishing their educational program in February 2015. A new group is scheduled to start in February 2015. Luchtvaart College Schiphol also initiated a program for 15 unemployed young people living in the Schiphol region. This program aims to prepare these young people to enter the jobs market in the Schiphol region by making them aware of employment and training opportunities. In October 2014, Luchtvaart College Schiphol organized a “Mobility Day” aimed at connecting employers in the aviation sector and showcasing mobility.

4.1.3 Health and safety in the workplace

Safeguarding employee health and safety in the workplace is a major priority for Air France-KLM and an area in which there can be no compromise. Evaluating and analysing the risks then deploying the appropriate prevention measures enables the Perform 2020 plan to be accompanied by pro-active measures in this area.

Air France

2014 saw deteriorating results on the frequency of accidents in the workplace (see the social indicators table) with the company noting a modest increase in the accident frequency rate (+4%). Individual and collective commitment and the comprehensive assumption of the related responsibilities are reaffirmed as a high priority.

The company thus embarked on a process to consolidate its governance and stabilized its safety management system by obtaining OHSAS 18001 certification, the guarantor of a continuous improvement-based approach.
Backed by this recognition and aware of the progress still required, in 2015 the company is focusing on the following priority themes:

✦ preventing serious accidents since the physical and mental integrity of employees and partners must be a primary concern;
✦ reinforcing compliance with/respect of regulations, in both the realization of operations and the management of infrastructures and equipment
✦ developing ergonomic approaches and reducing the incidence of musculoskeletal disorders;
✦ improving the quality of life in the workplace and the prevention of psychosocial risks since the well-being of everyone contributes to the company’s levels of performance and customer satisfaction
✦ consolidating the Health and Safety in the Workplace management system: sustainable respect of the OHSAS 18001 requirements constitutes a cornerstone of continuous improvement.

**Monitoring the health of employees and advising them on the current and emerging vocational risks**

As of the date of this document, 21 vocational illnesses had been recognized in 2014 of the total 95 reported, a number subject to change in view of the time taken to handle requests by the social bodies. Note, however, the 25% increase in the number of conditions reported relative to 2013. The main pathologies remain musculoskeletal disorders linked to repetitive strain injuries or heavy lifting, and difficulties with hearing. The incidence of vocational disorders declared and/or recognized at Air France remains very significantly below the French national average.

In 2014, the company’s 30 vocational physicians and 60 nurses ensured the clinical and psychological screening of the company’s employees, advised on healthy lifestyles and the prevention of vocational risks, and provided emergency care. This advice was dispensed both individually and during group information sessions and awareness-raising initiatives within the framework of forums, information campaigns and visits to workshops, offices and flight crew rosters.

This year was marked by numerous questions surrounding the Ebola virus epidemic which prompted the vocational medical teams to direct substantial efforts towards information, communication and data reliability to provide the entire company with the most up-to-date scientific and medical advice, and inform the decision-making process in terms of the prevention measures and organization required to mitigate this new risk.

In parallel with the unit’s clinical activity, the vaccination program and the management and operation of the psycho-social risk evaluation tool both continued, generating around 40,000 medical examinations, and multiple screening and treatment interventions by vocational nurses.

Lastly, 2014 saw the renewal of the operating authorization for Air France’s Vocational Medicine department, delivered for the maximum five-year period foreseen by legislation.

**Steering and management to encourage mobilization**

Promoted by a pro-active Health and Safety Policy, supported by a consolidated Health and Safety Manual and accompanied by the relevant key performance indicators, the steering of the safety-first approach takes the form of progress reports for the Management Committee and regular strategic updates reviewed by the Air France Executive Committee. Via the signature of target-based contracts, the Executive Vice-Presidents in each of the entities formalize their commitment to reducing vocational accidents through their prevention plans. The commitments reflect both the specificities of the fields covered and consistency with the company’s major objectives.

The targets and the approach are developed through initiatives which are shared with the social partners: actions to develop Quality of Life In the Workplace and on the Prevention of Psycho-Social Risks, the Charter for Prevention of Harassment in the Workplace, the Charter for Preventing the Risks Linked to Alcohol Consumption and the Action Plan for the Prevention of Onerous or Hazardous Work.

**Detection and sharing to promote a safety-first culture**

Prevention is at the heart of the process to achieve high standards of health and safety in the workplace at Air France.

The inclusion of the vocational safety dimension in project management, the development of ergonomic approaches during the design/organization of infrastructures and processes, and during the deployment of new tools, all enable the potential risks to be anticipated and encourage the collective appropriation by organizations. In addition to a Central Ergonomics Unit which was reinforced in 2014, the company also has ergonomics experts embedded in the operational divisions.

The commitment of in-field management and the vigilance of employees, supported by a network of Health and Safety point people, all enable the detection of at-risk situations and encourage the application of preventive measures. The Health and Safety units embedded in the operational teams (both Flight Crew and Ground Staff) are being reinforced and help foster a safety-first culture. Members of senior management make regular in-field visits to review Health and Safety arrangements, encouraging the teams and local management to maintain their efforts. The company also participates in the coordination of a high-performance vocational first-aid network, recognized through an agreement signed with the INRS health and safety organization.

In parallel, the company has consolidated its weekly reporting process on occupational health and safety, enabling feedback on significant safety-related incidents and their handling to be shared. Regular in-depth analysis to identify the trends and risks, and thus supplement the accident-prevention system, is discussed during meetings of the various steering bodies. Voluntary input is encouraged since this is a key driver in prevention. Health and Safety innovation is also recognized and shared during corporate events supported, notably, by the Participative Innovation Program.
The sharing of Health and Safety best practices is a leitmotiv in the company since the deployment of tried-and-tested procedures is vital for the achievement of exemplary standards of vocational safety.

The organization of forums and seminars on vocational Health and Safety enables the gradual deployment of a safety-first culture and an emphasis on safety issues across the company. In-field forums are thus organized for the operating and functional entities in both Continental France and the French overseas territories. The organization of benchmarking forums on specific themes such as psychosocial risks, the Quality of Life in the Workplace, the danger of falling, musculoskeletal disorders and ergonomic approaches also testifies to an openness to ideas from outside the company.

Training and coordination to promote a safety-first culture

Training in risk prevention is provided for both front-line staff and managers, aimed at regulatory compliance and the circulation of best practices, the management of tools and the awareness of individual responsibilities. In-field operational training and e-learning tools are thus deployed to develop a safety-first and prevention culture, and are regularly adapted to reflect changes in regulations and the development of new tools. Training modules on avoiding repetitive strain injuries and posture-related conditions have been developed, tailored to the specificities of the different business segments, to prevent musculoskeletal disorders, while improving standards of operational performance.

The management collectively attends the annual Health and Safety in the Workplace convention but also forums on risks enabling the issues and realities surrounding prevention to be shared, encouraging mobilization and fostering a safety-first culture. The prevention network is itself the subject of the development approach aimed at building the appropriate skills and enabling the effective exercise of their functions.

Raising levels of performance by improving quality of life in the workplace

The air transport environment requires relentless adaptation and innovation on the part of its players. To respond to this organizational agility challenge, the company is embarked on a process to simultaneously improve its organizational efficiency and working conditions.

In addition to local initiatives pursued in 2014 to gain organizational flexibility and, more generally, to improve working processes (streamlining and rationalization of production methods), the Ground Staff agreement improving organizations, working conditions, quality of day-to-day life in the workplace and preventing risks and hazardous situations, signed in December 2014 for the 2015-17 period, establishes the foundations of this approach.

Over the past decade, Air France has developed diagnostics and tools to improve working conditions and prevention procedures (diagnostic, action support, stress and anxiety evaluation tools, and innovative agreements serving as the framework for the company’s pro-active policy in this area). This new agreement further develops this policy by introducing four main improvements in the Air France approach:

✦ support measures to accompany local initiatives and encourage the sharing of effective practices in terms of encouraging a safety-first culture and improving working conditions (establishment of a dedicated three-year budget to realize external diagnostics or implement concrete, targeted measures, ergonomic interventions, establishment of a joint observatory on the quality of life in the workplace, etc.);

✦ measures aimed at the Quality of Life in the Workplace and the prevention of psychosocial risks including, notably, the deployment of managerial actions to foster the quality of working relationships (development of employee spaces for discussion and dialogue, establishment of a common “How to Live Better Together With Mutual Respect and Trust” support system) and the development of organizational working methods, sometimes proposed on a voluntary, trial basis depending on the segment (remote working, “hot-desking,” “job sharing,” etc.).

The use of the “Evaluation and Monitoring of Vocational Stress” diagnostic, action support and evaluation tool continued. More than 18,000 Ground Staff and Flight Crew have replied to this questionnaire since its introduction, with a response acceptance rate of approaching 90%, making this a major steering tool for the prevention of psychosocial risks within the company. This tool accompanies a quick questionnaire enabling rapid screening for rapid actions being trialled by Cabin Crew at the Orly, Marseilles, Nice and Toulouse bases.

✦ initiatives to prevent hazardous situations and physical risks using tools, procedures and concrete action plans which contribute to evaluating and minimizing situations exposing staff to risks (night working, onerous tasks including postural stresses and heavy lifting, etc.), to promote the adaptation and equipping of work positions and enable voluntary adjustments for those approaching retirement;

✦ additional support measures for employees and other players (managers, HR network, Quality of Life in the Workplace point people, Health and Safety teams, medico-social network, unions, Committee on Health, Safety and Working Conditions) through new measures to support staff facing temporary or long-term personal difficulties (help for family carers, etc.) and the deployment of the appropriate training (“Managing by Quality of Life In the Workplace”, “Preventing and Managing Violence and Incivilities”, “Preventing the Risks Linked to Alcohol Consumption”, “Awareness-raising on the Prevention of Suicidal Behavior”, etc.). Tools aimed at managers developed in 2013 were trialed in 2014: management self-assessment grid relating to psychosocial risks and quality of life in the workplace, quick questionnaire to identify psychosocial risk factors, and a special Handbook with guidance on how to respond in the event of a serious or exceptional incident. They will be gradually rolled out starting from 2015.
KLM

In matters of safety, KLM’s primary objective is to become a world leader within the industry. The company is thus targeting a “zero accident” situation and does its utmost to minimize the number of workplace incidents.

In 2014, with a ratio of three serious occupational accidents, KLM reached its goal of fewer than four serious accidents. However, the total number of workplace accidents leading to time off work slightly increased to above the company’s target.

KLM records cases of occupational illness and accidents in the workplace as part of the overall absenteeism rate (5.77% for 2014, versus 5.3% in 2013). Cases of occupational illness represent a percentage of 0.13%

Integrated safety management

In its quest to achieve a leadership position on safety, KLM has developed an Integrated Safety Management System (ISMS), covering occupational and operational safety, environmental protection and operational security. The functioning of this ISMS is outlined in KLM’s Integrated Safety Management Manual and has been approved by the Dutch civil aviation authorities.

In 2014, a program was initiated to accelerate and deepen the integration of occupational safety in the ISMS. This program covers the safety management processes and IT structures, and will also result in a well-trained and adequately-staffed organization focused on occupational safety.

Managing vocational health and safety risks

As part of the safety system-based approach, pro-active integrated safety risk assessments are increasingly used when changes in working processes are considered or implemented. The results of these Safety Issue Risk Analyses, as well as analyses on incidents and accidents, have resulted in the ranking of safety risks by division, as well as for the company as a whole.

For ground occupational safety, the risk of injury caused by colliding with a piece of equipment or by falls and trips is analyzed as “high”, and is ranked amongst the Top 5 safety risks for the company. Approximately 50% of all lost-time accidents and over 50% of all accident-related time off work are caused by collisions, falls and people tripping over. The Top 5 risks are deemed to be high priority for risk mitigation in 2015.

KLM focuses on an integrated approach to all health-related matters to be able to pursue a more concrete and efficient policy. This approach, launched in 2013, led to the establishment of a long-term three-year plan and, for 2014, a detailed action plan constituting a framework presenting a common vision across all business units on the company-wide goals for health and safety. The implementation of this policy is reviewed annually and, if necessary, the long-term plan is updated.

The new health policy pursues the positive, effective initiatives already under way but also introduces a shift in focus. In future, KLM will be increasingly investing in prevention, to both improve working conditions and promote healthy lifestyles for its employees. To support this broader priority at KLM-wide level, an integrated review of all risk analyses on working conditions was conducted in 2014.

Training and awareness-raising initiatives to promote Health and Safety

Training and awareness-raising initiatives aimed at reinforcing safety took place in 2014, and many more are planned. As part of the implementation of the ISMS, a safety training needs analysis exercise took place for all KLM employees and, more specifically, for functions responsible for the safety management system. The roll-out of the required training thus identified is already under way and will continue in 2015. At KLM level, a Safety f@cts online video was launched for all employees, focused on the reporting of at-risk situations. In 2014, Safety Services employees were trained in the ISMS and all HR managers received training on health and safety legislation.

In the last quarter of 2014, a Safety Culture evaluation was carried out. The results will be compared with those of the previous evaluation in 2011 and any follow-up actions will be determined in early 2015.

In 2014, KLM began to organize Health Theme Events with two taking place in this same year, one on self-management and one on the promotion of healthy lifestyles. These sessions saw managers and professionals from both inside and outside the company share their knowledge and best practices.

Furthermore, an e-learning training module was developed and implemented in 2014, to train and support managers in the management of absenteeism.

Improving the quality of life

A number of initiatives have been developed, tailored to the relevant target group, ranging from information sessions on specific themes to programs involving a number of different activities. For example, the “Fit on the Vliegtuigopstelplaats” lifestyle program was rolled out in the Ground Services division during 2013 before subsequently becoming the “FeelFit” program in 2014. This program offers a wide range of activities from health screening to individual and group training on healthy lifestyles (e.g. smoking cessation).

Furthermore, in 2014, a pilot program known as “HelloFysio” was launched for flight deck crew, offering online physiotherapy treatment by experienced physiotherapists. The results of this pilot are expected in 2015.

Other examples include training on mindfulness (over 100 participants from the Commercial division) and the launch of an “Energy Strategy” training unit focused on employee information and the promotion of healthy lifestyles, both developed and implemented by the KLM Business Campus.
In 2013, three major agreements constituting the foundation of KLM’s integrated approach to all health-related matters were signed. These documents cover the vision on health, the policy of continuous improvement and the three-year plan to translate this vision and policy into concrete projects. All three documents were developed in close cooperation with the Works Council meaning that the health policy and the discussion process with the Works Councils (both corporate and localized) are now more harmonized. For example, a number of corporate themes, such as the in-house emergency response organization (BHV), noise disturbance and psychosocial risks linked to the workplace, now form part of the decentralized plans and are discussed with the local Works Councils.

As in previous years, in 2014 KLM’s Works Council was again consulted on a range of health and safety-related issues, on matters as diverse as the quality of air around operations, the handling of hazardous substances and preventive medical screening. The development and implementation of the e-learning module on managing absenteeism was also discussed with the Works Council.

In terms of air quality, KLM has developed a website which posts the Air Quality Index and provides information. Furthermore, a protocol has been implemented on air quality levels and their management to reflect the management’s “duty of care” in this area. In 2014, a policy framework on preventive medical screening was also agreed with the Works Council.

### 4.1.4 Fostering diversity and combating discrimination

As a signatory of the United Nations Global Compact, Air France-KLM is committed to respecting the universal principles relating to the respect of human rights.

This commitment to respecting human rights and opposing all forms of child and forced labor is enshrined in the Group’s Corporate Social Responsibility Statement and its Social Rights and Ethics Charter.

Within the framework of operations, the Group has identified the risk factors relating to human rights with the responses implemented covering a number of different areas: health and safety in the workplace, equal opportunity, work-life balance and data protection measures for customers and employees.

In its relations with suppliers, the Group has a monitoring system in place to ensure that sub-contractors comply with the universal human rights and principles on a global basis. Suppliers are encouraged to sign a Sustainable Development Charter incorporating social and environmental principles.

### Air France

#### Combating all forms of discrimination

Air France is a signatory of the Diversity Charter which constitutes the formal expression of the company’s commitment to better reflecting, amongst its employees, the diversity of the French population and combating all forms of discrimination.

To support the human resources network and managers in the implementation of this policy, Air France uses a range of support and information tools including e-learning training modules, class-room based training for the Handicap Diversity point people and, for some management categories, a practical guide to “Religious Diversity in the Workplace”. More targeted initiatives to raise awareness and promote diversity are also under way in some entities. A “Diversity” e-learning module is also available to employees.

In September 2013, the company signed an agreement relating to the 2013-15 Intergenerational Contract covering the long-term vocational integration of young people, employment of seniors and transmission of knowledge and skills. This agreement, which applies to all Air France staff categories, carries forward the employment and training policy pursued by the company to date, within a context where the recruitment outlook remains limited.

The company also continues to support and pursue its different partnerships with equal opportunity organizations like the French Association of Diversity Managers (Association Française des Managers de la Diversité – AFMD), the Corporate Social Responsibility Observatory (Observatoire de la Responsabilité Sociétale des Entreprises – ORSE) and IMS-Entreprendre pour la Cité.

#### Fostering equal opportunity

The commitment to fostering equal opportunity applies, in particular, to the collective recruitment and internal selection processes.

Since December 2013, the new Jobs website has included a “Diversity” section highlighting, notably, professional equality between men and women.

This new measure is in addition to the other initiatives already in place:

- the recruitment processes have been ISO 9001 compliant since 2001, with this certification guaranteeing the management and efficiency of the processes currently in the renewal process;
- any individual liable to use the selection tools, consult job application files or have access to confidential information is required to respect the ethical and moral obligations set out in the Ethics Charter of the Recruitment, Selection and Redeployment department. This Charter is updated annually as a function of regulatory changes and best practices for the profession.
Promoting professional gender equality

For some ten years, Air France has reaffirmed professional gender and wage equality between men and women as a major priority for the business and an area in which the company would like to make progress in terms of human resources management. To this end, in April 2013, Air France signed a framework agreement with the French Ministry of Women’s Rights, formalizing a number of commitments in terms of work-life balance, combating the glass ceiling, increasing the proportion of women in Board committees and supporting small subcontractors and suppliers in the professional equality approach. This agreement was in addition to the initiatives already under way:

- since 2002, Air France has been committed to fostering professional equality between men and women, notably through the introduction of measures to ensure wage equality and the principle of equitable wage treatment between employees who are pregnant or on maternity leave and other employees. The company has also established an annual comparative diagnostic of the average salaries of men and women. The 2014 “action plan on professional equality between men and women” has the following aims:
  - perpetuate the diagnostic of the comparative professional situations of men and women and measure any disparities,
  - take concrete measures to ensure that gender equality is an integral part of all human resources processes to eliminate wage discrimination between men and women at the earliest opportunity and move from a “remedial” rationale to one of on-going “monitoring”;
  - propose concrete measures to ensure a greater balance between professional and personal life,
  - with the signature of the Good Parenting Charter in 2008, Air France made a commitment to developing parental representation across the business, creating a positive environment for employees who are also parents, particularly for pregnant women, and respecting the principle of non-discrimination in the career progression of employees with children.
  - within the framework of its contractual agreement-based policy, the company is committed to reducing any wage disparities between men and women. Since 2008, the annual wage agreements have enabled the implementation of a special wage equalization measure whose modalities were presented to the unions. This measure was again applied in 2014.

To ensure respect of equal treatment between men and women, a series of male-female comparative indicators have been included in the steering of human resources policies and management processes (training, careers, vocational safety, remuneration, etc.). These indicators are monitored annually within the framework of an audit carried out with each division.

To assess the facts objectively and inform the action plans, a number of studies were also conducted:

- an in-house study relating, in particular, to parenthood involving Air France Industries employees (response rate of more than 23%) enabled the identification of two priorities for the 2015 action plan: increased communication on parental leave based on the existing channels and an information campaign on the introduction of systematic interviews by managers before and after parental leave;
- again at Air France Industries, a second study highlighted the fact that 75% of the relevant female population, in their last allocation, had not chosen the overalls designed specifically for women, due either to unfamiliarity or choice. An awareness-raising initiative on this clothing is thus planned for each distribution scheduled for 2015;
- in another example, a study on the perception of the male-female balance within the company (in liaison with the IMS Entreprendre pour la Cité association) will benchmark the perception of Air France managers relative to the perception of those in eight large French companies and submit a proposed action plan for 2015 consistent with the expectations expressed.

The operation of a flight by a women-only crew for International Women’s Day on March 8 has been an established tradition within Air France for the past eight years even if other flights are operated with 100% female crews throughout the year. On March 7, 2014, Air France thus operated an A380 flight regrouping one pilot, two co-pilots, one Senior Chief Flight Attendant, two Chief Flight Attendants and 18 hostesses. The passengers bound for Johannesburg were welcomed on board by the largest-ever contingent of female flight attendants.

The company also continues to participate in external awareness-raising initiatives with, for example, in 2014:

- the participation of Air France employees (including female pilots) in the Women in Aviation Day at Nevers airport on September 28, 2014 organized by the AAFP, the French Association of Women Pilots;
- the participation of the Ground Operations division in the “Assistance en escale au féminin” project carried out by the French National Federation of Commercial Aviation (Fédération Nationale de l’Aviation Marchande – FNAM) and the Île-de-France region aimed, notably, at promoting the aviation professions and handling in particular to women. An awareness-raising initiative and company site visits (including to Air France) saw 100 young boys and girls from the region discover the aviation-related professions, in school-based curricula or via professional qualifications, and take part in a competition to produce a poster on diversity in the workplace. The prizes were awarded at ceremonies held at the Musée de l’Air and Le Bourget on June 10, 2014.
Policy on disability
In 2014, Air France hired 23 new employees with disabilities. The company also ensured the maintained employability of staff with disabilities through numerous support programs and the adaptation of work stations.

Furthermore, the company’s stepped up its recourse to businesses and organizations in the adapted and sheltered employment sector, with spending on procurement from this sector amounting to €18 million in 2014 (€16 million in 2013).

Since 1991, Air France has been committed to a pro-active social and vocational integration approach focusing on persons with disabilities, formalized in a three-year collective agreement approved by the French Ministry of Employment which monitors the implementation of this policy and verifies the achievement of the targets.

The ninth three-year agreement covering 2015-17 was signed with the unions at the end of 2014.

Air France’s employment rate for workers with disabilities stood at 4.95% in 2013. Given the initiatives carried out this year to promote the direct and indirect employment of workers with disabilities, this rate should again have increased in 2014. The company has also established multiple partnerships, particularly with associations, to help achieve its objective of recruiting and promoting the vocational integration of disabled workers, and changing how disability is perceived.

KLM
Gender equality and respect for sexual orientation
The company is committed to gender equality and respect for sexual orientation. The Over the Rainbow social network, launched in 2010 by KLM and bringing together homosexual, bisexual and transgender employees, provides advice and ensures their equitable treatment, irrespective of sexual orientation. The network has seen steady growth with members numbering around 350 at the end of 2014. On Coming Out Day (October 2014), Over the Rainbow organized a luncheon event, at which the themes of gender equality and diversity were addressed.

The percentage of women staff within the KLM Group rose to 42.6% in 2014 from 42.3% in 2013. Despite the very limited number of external hires, this increase was also seen at the level of the senior management and executives, where the percentage of women moved up from 19.8% to 20.5%.

In cooperation with Leiden University, KLM has launched a survey of its staff to gain an insight into their perception of diversity in the workplace. The results of this survey are expected in early 2015.

In 2013, KLM established a Diversity Council which met five times in 2014 (compared with the four meetings originally scheduled). These meetings addressed issues such as how to promote diversity across the organization and raise awareness. Diversity is consequently one of the themes featured in the divisional plans on Management Development. Another concrete result was the appointment of a Diversity Manager, effective February 1, 2015.

Vocational integration of persons with disabilities
Within the framework of Dutch legislation, KLM is fully committed to actively furthering the vocational integration of disabled persons and to maximizing their potential economic contribution. This represents a common goal for both KLM and its employees. Based on government guidelines, occupational physicians evaluate the employee’s potential contribution then, in cooperation with other specialists, advise managers and employees on the adjustments in working hours, types of work and work station adaptations that are required to optimize the potential of employees with disabilities.

KLM continues to offer an employment guarantee to individuals whose disability rate is assessed at below 35% (implied capacity is therefore > 65%), meaning that they remain employed by KLM or receive support in securing employment outside the company. For employees with disabilities making them incapable of work, and who are within seven years of the legal retirement age, KLM offers protection from layoffs.

The return to work for employees with disabilities receives pro-active support from KLM. When KLM employees are unable to return to their jobs due to disability, they are automatically offered an appropriate position without having to complete a new application process. Since 2010 KLM has benefited from an Advisory Committee supporting the monitoring of these measures and proposing improvements. In 2014 this committee reviewed 523 cases, offering each case manager advice on how to increase the chances of finding employees new positions or enabling them to return to their previous jobs. The UWV (the Dutch body which defines disability rates) has recognized and supported KLM’s efforts in this area.

On return from sick leave, when employees are considered to be in a situation of permanent disability, even if they have changed jobs and now occupy positions adapted to their disabilities, they are deemed to be disabled for legal purposes.

At KLM, the number of employees with disabilities increased from 710 in 2013 to 750 in 2014.
4.2 Note on the methodology for the reporting of the social performance indicators

In 2005-06, under the aegis of the Disclosure Committee, and validated by the college of Statutory Auditors, the Air France-KLM Group’s social performance indicators were defined in order to comply with the requirements of the French New Economic Regulations law (Les Nouvelles Regulations Economiques, NRE, May 15, 2001) and the European regulation (EC 809/2004).

In 2011, work to optimize these indicators was undertaken to align, as of that year, the NRE social reporting with the requirements of Article 225 of the application decree for the Grenelle II legislation. This update to the social performance indicators was submitted to the statutory auditors, KPMG Audit, a department of KPMG S.A., for review before the beginning of the 2011 NRE social reporting process.

Since the 2007-08 financial year, the Group has chosen to have a number of its principal social indicators verified by one of the Statutory Auditors, KPMG Audit, a department of KPMG S.A.

Since 2013, pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code, it has been the responsibility of our Independent Third-Party Body to:

- attest that the required CSR information is presented in the management report or, in the event of omission, is the subject of an explanation in application of paragraph three of Article R. 225-105 of the French Commercial Code (Statement attesting to the presence of the CSR information);
- express a moderate assurance conclusion on the fact that the CSR data, taken as a whole, are presented in all their significant aspects, in a true manner pursuant to the standards (Reasoned opinion on the true nature of the CSR information)(1).

4.2.1 Reporting scope

The Air France-KLM Group’s NRE social reporting consolidation scope is based on the number of employees (expressed as headcount) on the payroll at the end of the calendar year.

The NRE reporting scope covers 96% of the average employees in the Air France-KLM Group at the end of the calendar year, expressed in full-time equivalent.

The subsidiaries of Air France and KLM over which the Group has at least 50% control, whose acquisition dates back at least one full year and which have at least 250 employees, are included in this NRE social reporting scope.

Two entities exceeding the above thresholds, NAS Airport Limited and BlueLink International CZ, are excluded from the scope due to difficulties currently being encountered with their inclusion in the reporting process.

Note that the number of employees for Air France and KLM comprises their entire workforce including staff employed internationally:

- for the 2014 financial year, the Air France consolidated subsidiaries are: Aero Maintenance Group, Airlinair, BlueLink, Brit Air, CRMA, Régional, Servair Group (ACNA, Orly Air Traiteur, PAC SA, Servair SA and Passerelle), Sodexi and Transavia France, representing 75% of the employees of the subsidiaries in the Air France Group;
- for the 2014 financial year, the KLM consolidated subsidiaries are: Cygnific, Cobalt Ground Solutions, KLM UK Engineering Limited, KLM Cityhopper (UK and B.V.), Transavia, KLM Catering Services Schiphol B.V. and Martinair, representing 94% of the employees in the subsidiaries of the KLM Group.

In 2014, Airlinair was included in the reporting scope of the Air France subsidiaries while CityJet and VLM were withdrawn due to the disposal of these subsidiaries.

The reporting scope for the KLM subsidiaries remains unchanged.

The reference number of employees for calculating the coverage rate of the NRE social reporting is the average number of employees in full time equivalent during 2014 derived from the Management Control division’s BFC tool.

The reporting period for the Group’s social information is based on the calendar year to ensure consistency with the social performance indicators of other French companies. Note that, since 2011, the financial year has also been based on the calendar year.

4.2.2 Reporting tools

The indicators are compiled and consolidated using the Osyris (Operating SYstem for ReportIng on Sustainability) reporting software at the disposal of contributors from Air France, KLM and their subsidiaries across the entire reporting scope. Precise definitions of each indicator and user guides for contributors to the Osyris tool are available in both French and English.

Consistency tests have also been incorporated within the tool. The data are verified and approved locally at the level of each subsidiary by a local verifier who is responsible for the HR statistical data.

This system is supplemented by a meeting to launch the process and by a general reporting procedure which defines the process for compiling, calculating and consolidating the indicators, based on an instruction memorandum circulated by the Air France-KLM Group’s Finance division.

The consolidation of the Air France-KLM Group’s social information is carried out by Air France’s Sustainable Development Department.

(1) The review work was conducted in accordance with the International Standard for Assurance Engagements (ISAE 3000), specific to the verification of extra-financial data.
Social, corporate citizenship and environmental information
Note on the methodology for the reporting of the social performance indicators

4.2.3 Details and methodology/Commentary on changes in the indicators

“Consolidated social data for the Air France-KLM Group” table

This table presents the indicators relating to employees, recruitment, departures, the proportion of women employees and the percentage of staff working part time. These indicators are consolidated at the level of the Air France-KLM Group.

The indicators reported in the “other social data” tables are subject to different qualification and legal reporting obligations in France and the Netherlands, meaning that they are not comparable and need to be presented separately for Air France and KLM. The subsidiaries concerned in these tables are listed in the Reporting scope section above.

“Other social data” tables

The indicators reported in the “other social data” tables are subject to different qualification and legal reporting obligations in France and the Netherlands, meaning that they are not comparable and need to be presented separately for Air France and KLM. The subsidiaries concerned in these tables are listed in the Reporting scope section above.

Absenteeism - Health and safety in the workplace

A significant portion of the work-related accidents reported by Air France is due to cases of barometric otitis and musculoskeletal disorders which are recognized as work-related accidents in France whereas they are recorded as sick leave by KLM in accordance with Dutch law.

The absenteeism rate is not communicated for the Air France and KLM subsidiaries, the follow-up measures being in the verification process at the level of these entities.

Air France

Note 1: The absenteeism rates are calculated based on the hours of absence expressed as a ratio of the hours theoretically worked (excluding leave). For Air France flight crew, absenteeism is broken down into days then converted into hours by multiplying by 5 hours.

The absenteeism rate for accidents in the workplace also takes into account travel-related accidents.

KLM and KLM subsidiaries

Note 1: Since the 2014 financial year, the absenteeism rates due to work-related accidents or illness have been reported separately. These indicators have also been calculated for the 2013 financial year.

The absenteeism rates are calculated by expressing the number of calendar days of absence as a percentage of the calendar days theoretically worked (365*FTE days theoretically worked). Absenteeism is tracked on the basis of figures declared by the KLM entities in the Netherlands.

Health and safety – work-related accidents

There are significant differences in the definition criteria for work-related accidents between France and the Netherlands (see also paragraph on absenteeism).

Air France and Air France subsidiaries together with KLM and KLM subsidiaries

Note 2: Work-related accidents taken into account are work-related accidents involving time off work (at least one day of absence from work). Travel-related accidents are not included in the indicator but are the subject of specific monitoring and action plans.
Frequency and severity rates

**Air France**

*Note* 3: The frequency and severity rates are calculated:

✦ for ground staff, based on the actual paid hours worked;
✦ for flight crews, based on the hours of "commitment".

The number of days of sick leave recorded for the year corresponds only to the accidents having taken place during the same financial year.

**KLM and KLM subsidiaries**

*Note* 3: The frequency and severity rates are calculated for all staff based on the hours theoretically worked.

The days lost for work-related accidents are tracked based on figures declared by the KLM entities in the Netherlands.

Training

**Air France and Air France subsidiaries**

*Note* 4: The “Number of training hours by employee” indicator is calculated based on all the training sessions, irrespective of whether their nature requires them to be included in the 2483 Regulatory Declaration.

The hours of training for the subsidiaries of the Air France Group are calculated without the data related to the Transavia France subsidiary.

**KLM and KLM subsidiaries**

*Note* 4: KLM does not currently have a centralized reporting procedure solely for the costs of training within KLM and its subsidiaries. Note that the disclosure of the total number of training hours is not required by Dutch law.

*Note* 4: The reported costs of training take into account the external costs of training invoiced, employee costs, the functioning costs of the training departments and the productivity costs linked to the mobilization of the individuals trained. The latter are estimated by multiplying the number of hours of training declared by each employee by the average salary in the department.

Number of disabled employees

**Air France and Air France subsidiaries**

*Note* 5: For Air France and Servair, the number of disabled employees are those who, based in Continental France and the French Territories and Dominions, were on the payroll for at least one day in the year and for whom a valid certificate, pursuant to French law (Article L. 5212-2 of the French Labor Code), is available. Note that the data for international employees is reported based on local legislation.

For the other Air France subsidiaries, the reported number of disabled employees refers to the employees on the payroll at December 31, 2014 and for whom a valid certificate, pursuant to French law, is available.

The number of disabled employees recruited corresponds to the number of permanent and fixed-term employment contracts signed during the year; an employee recruited on a fixed-term contract who then transfers to a permanent contract during the year will be reported twice.

Note that the rate of employment of disabled employees for 2014 was not yet known on the date the figures for the reporting of the NRE social indicators were produced within the framework of the management report and Registration Document.

**KLM and KLM subsidiaries**

*Note* 5: The definition of a disabled person varies according to the local legislation governing the entities in the Netherlands and the United Kingdom.

For KLM and KLM’s Dutch subsidiaries, an individual is deemed to be disabled if unable to carry out his or her work or any other work at an equivalent salary level. This requires the employer and the employee to look for another position with a salary as near as possible to the previous level and gives the employee the right to government benefits to compensate for any difference.

For KLM’s UK subsidiaries, the reported number of employees with disabilities refers to the employees on the payroll at December 31, 2014, for whom a valid certificate, pursuant with national legislation, is available.

**Air France**

*Note* 6: “Yearly spending in the sheltered sector” indicator. This concerns useful revenues (which is to say linked to the cost of labor) expressed in millions of euros generated with companies in the protected sector. This is an estimated figure as of the date of publication, ahead of the final submission of the declarations within the framework of the DOETH (mandatory declaration of employees with disabilities).
### 4.3 Social indicators for the Group

#### 4.3.1 Consolidated social data for the Air France-KLM Group

| Headcount at 12/31<sup>(1)</sup> (permanent contracts and fixed-term contracts) | Air France-KLM Group |
| --- | --- | --- | --- | --- |
| | 2012 | 2013 | 2014 | 14/13 |
| **Scope of NRE Social reporting** | 96% | 96% | 96% | 0.0% |
| **Total staff** | 104,130 | 100,569 | 99,277 | -1.3% |
| Ground staff | 69,516 | 66,512 | 65,545 | -1.5% |
| Cabin crew | 25,863 | 25,548 | 25,282 | -1.0% |
| Flight deck crew | 8,751 | 8,509 | 8,450 | -0.7% |
| **Staff under permanent contract** | 100,273 | 96,368 | 94,592 | -1.8% |
| Recruitment under permanent contract at 12/31<sup>(2)</sup> | 848 | 1,253 | 1,648 | 31.5% |
| Recruitment under fixed-term contract at 12/31<sup>(2)</sup> | 4,313 | 4,249 | 5,643 | 32.8% |
| Departures at 12/31<sup>(3)</sup> | 8,571 | 9,975 | 10,577 | 6.0% |
| of which redundancies (incl. economic) | 640 | 492 | 455 | -7.5% |
| Percentage of women at 12/31<sup>(4)</sup> | 42.8% | 42.9% | 43.2% | 0.7% |
| Percentage of part-time employees at 12/31<sup>(4)</sup> | 25.5% | 27.4% | 27.7% | 1.1% |
| **Breakdown of staff by age at 12/31** |  |  |  | |
| <= 29 years | 8,222 | 7,878 | 7,058 | -10.4% |
| between 30 and 39 years inclusive | 30,305 | 28,081 | 24,938 | -11.2% |
| between 40 and 49 years inclusive | 37,255 | 37,259 | 36,823 | -1.2% |
| 50 years and above | 28,348 | 27,351 | 30,458 | 11.4% |
| **Breakdown of staff by geographical area at 12/31** |  |  |  | |
| Europe (except France and the Netherlands) | 4,607 | 4,483 | 3,733 | -16.7% |
| North & South America | 2,013 | 2,029 | 2,021 | -0.4% |
| Caribbean/Indian Ocean (including French overseas territories)<sup>(5)</sup> | 1,109 | 1,042 | 1,034 | -0.8% |
| Asia/Pacific | 1,678 | 1,728 | 1,702 | -1.5% |
| Africa/Middle East | 1,607 | 1,531 | 1,466 | -4.2% |
| The Netherlands | 30,562 | 30,496 | 30,477 | -0.1% |
| Continental France | 62,554 | 59,260 | 58,844 | -0.7% |

---

*Air France Group: Air France and Air France subsidiaries.
Air France subsidiaries: Aero Maintenance Group, Airlinair, BlueLink, Brit Air, CRMA, Régional, Sodexi, Transavia France and Servair group: ACNA, OAT, Passarelle, Servair SA, PAC SA.

**KLM Group: KLM and KLM subsidiaries.
KLM subsidiaries: Cygnific, Cobalt Ground Solutions, KLM Cityhopper (UK and BV), Transavia, KLM Catering Services Schiphol B.V., KLM UK Engineering Limited and Martinair.

<sup>(1)</sup> (2) (3) (4) (6): See note on the Methodology.
## Social indicators for the Group

<table>
<thead>
<tr>
<th></th>
<th>Air France Group*</th>
<th>KLM Group**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Of which Air France</td>
<td>Of which KLM</td>
</tr>
<tr>
<td>2013</td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>95%</td>
<td>94%</td>
<td>100%</td>
</tr>
<tr>
<td>65,905</td>
<td>64,615</td>
<td>53,423</td>
</tr>
<tr>
<td>45,466</td>
<td>44,721</td>
<td>35,344</td>
</tr>
<tr>
<td>15,450</td>
<td>15,081</td>
<td>14,215</td>
</tr>
<tr>
<td>4,989</td>
<td>4,813</td>
<td>3,864</td>
</tr>
<tr>
<td>63,262</td>
<td>61,680</td>
<td>52,029</td>
</tr>
<tr>
<td>782</td>
<td>884</td>
<td>313</td>
</tr>
<tr>
<td>3,401</td>
<td>4,418</td>
<td>889</td>
</tr>
<tr>
<td>8,719</td>
<td>8,753</td>
<td>5,553</td>
</tr>
<tr>
<td>414</td>
<td>343</td>
<td>179</td>
</tr>
<tr>
<td>43.3%</td>
<td>43.5%</td>
<td>45.0%</td>
</tr>
<tr>
<td>21.2%</td>
<td>21.5%</td>
<td>24.2%</td>
</tr>
<tr>
<td>4,654</td>
<td>4,423</td>
<td>3,302</td>
</tr>
<tr>
<td>19,207</td>
<td>16,900</td>
<td>15,842</td>
</tr>
<tr>
<td>24,371</td>
<td>24,519</td>
<td>19,908</td>
</tr>
<tr>
<td>17,673</td>
<td>18,773</td>
<td>14,371</td>
</tr>
<tr>
<td>2,204</td>
<td>1,505</td>
<td>1,584</td>
</tr>
<tr>
<td>1,582</td>
<td>1,557</td>
<td>1,309</td>
</tr>
<tr>
<td>986</td>
<td>979</td>
<td>780</td>
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<tr>
<td>746</td>
<td>752</td>
<td>742</td>
</tr>
<tr>
<td>1,021</td>
<td>985</td>
<td>997</td>
</tr>
<tr>
<td>154</td>
<td>43</td>
<td>32</td>
</tr>
<tr>
<td>59,212</td>
<td>58,794</td>
<td>47,979</td>
</tr>
</tbody>
</table>

### Notes

- **Air France Group**
- **KLM Group**

## Social, Corporate Citizenship and Environmental Information

Social indicators for the Group

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Of which</th>
<th>Total</th>
<th>Of which</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2014</td>
<td>2013</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>95%</td>
<td>94%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>65,905</td>
<td>64,615</td>
<td>53,423</td>
<td>52,541</td>
<td></td>
</tr>
<tr>
<td>45,466</td>
<td>44,721</td>
<td>35,344</td>
<td>34,786</td>
<td></td>
</tr>
<tr>
<td>15,450</td>
<td>15,081</td>
<td>14,215</td>
<td>13,991</td>
<td></td>
</tr>
<tr>
<td>4,989</td>
<td>4,813</td>
<td>3,864</td>
<td>3,764</td>
<td></td>
</tr>
<tr>
<td>63,262</td>
<td>61,680</td>
<td>52,029</td>
<td>50,881</td>
<td></td>
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<tr>
<td>782</td>
<td>884</td>
<td>313</td>
<td>388</td>
<td></td>
</tr>
<tr>
<td>3,401</td>
<td>4,418</td>
<td>889</td>
<td>1,585</td>
<td></td>
</tr>
<tr>
<td>8,719</td>
<td>8,753</td>
<td>5,553</td>
<td>5,247</td>
<td></td>
</tr>
<tr>
<td>414</td>
<td>343</td>
<td>179</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>43.3%</td>
<td>43.5%</td>
<td>45.0%</td>
<td>45.2%</td>
<td></td>
</tr>
<tr>
<td>21.2%</td>
<td>21.5%</td>
<td>24.2%</td>
<td>24.5%</td>
<td></td>
</tr>
</tbody>
</table>

### Notes

- **Social indicators for the Group**
- **Air France Group**
- **KLM Group**

## Registration Document 2014

Air France-KLM
## 4.3.2 Other social data for the Air France Group (according to local legislation)

➤ Air France (100% of the staff headcount, registered and paid at the end of the calendar year)*

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Absenteeism</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to illness</td>
<td>3.91%</td>
<td>3.81%</td>
<td>-3%</td>
</tr>
<tr>
<td>Due to work accidents</td>
<td>0.68%</td>
<td>0.69%</td>
<td>1%</td>
</tr>
<tr>
<td>Maternity leave</td>
<td>0.99%</td>
<td>0.88%</td>
<td>-11%</td>
</tr>
<tr>
<td><strong>Health and safety</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total workplace accidents</td>
<td>2,238</td>
<td>2,283</td>
<td>2%</td>
</tr>
<tr>
<td>Number of fatal workplace accidents</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Frequency rate of workplace accidents</td>
<td>29.56</td>
<td>31.04</td>
<td>5%</td>
</tr>
<tr>
<td>Severity rate of workplace accidents</td>
<td>0.88</td>
<td>0.87</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Training</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of training hours by employee</td>
<td>28</td>
<td>28</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Disabled staff</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total staff with disabilities</td>
<td>1,727</td>
<td>1,699</td>
<td>-2%</td>
</tr>
<tr>
<td>Total staff with disabilities recruited during the year</td>
<td>16</td>
<td>23</td>
<td>44%</td>
</tr>
<tr>
<td>Yearly spending in the sheltered sector (in €m)</td>
<td>16</td>
<td>18</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Collective agreements</strong></td>
<td>47</td>
<td>36</td>
<td></td>
</tr>
</tbody>
</table>

*Data in italics concerns only Air France in Continental France and the French overseas territories.*

➤ Air France subsidiaries

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope of reporting for Air France subsidiaries</strong></td>
<td>73%</td>
<td>75%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Health and safety</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total workplace accidents</td>
<td>1,048</td>
<td>959</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>Training</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of training hours by employee</td>
<td>20</td>
<td>18</td>
<td>-10%</td>
</tr>
<tr>
<td><strong>Disabled staff</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total staff with disabilities</td>
<td>609</td>
<td>622</td>
<td>2%</td>
</tr>
<tr>
<td>Total staff with disabilities recruited during the year</td>
<td>22</td>
<td>16</td>
<td>-27%</td>
</tr>
<tr>
<td><strong>Collective agreements</strong></td>
<td>58</td>
<td>52</td>
<td></td>
</tr>
</tbody>
</table>

### 4.3.3 Other data for KLM Group (according to local legislation)

**KLM (100% of the staff headcount, registered and paid at the end of the calendar year)**

<table>
<thead>
<tr>
<th>Absenteeism(1)</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to illness</td>
<td>5.20%</td>
<td>5.64%</td>
<td>8%</td>
</tr>
<tr>
<td>Due to workplace accidents</td>
<td>0.10%</td>
<td>0.13%</td>
<td>30%</td>
</tr>
<tr>
<td>Maternity leave</td>
<td>0.54%</td>
<td>0.49%</td>
<td>-9%</td>
</tr>
</tbody>
</table>

**Health and safety**

| Total workplace accidents(2) | 186 | 199 | 7% |
| Number of fatal workplace accidents | 1 | 0 | |
| Frequency rate for workplace accidents(3) | 4.01 | 4.25 | 6% |
| Severity rate of workplace accidents(3) | 0.18 | 0.22 | 22% |

**Training(4)**

| Total training costs (in K€) | 62,412 | 76,596 | 23% |
| Total training costs (in € per full time equivalent) | 2,638 | 3,229 | 22% |

**Disabled staff(5)**

| Total staff with disabilities | 710 | 750 | 6% |

**Collective agreements**

| 0 | 0 | |

* KLM: data concerns KLM without international staff.

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**KLM Subsidiaries**

| Scope of reporting for KLM subsidiaries | 94% | 94% | 0% |
| Health and safety | |
| Total workplace accidents(2) | 72 | 159 | 121% |
| Number of fatal workplace accidents | 0 | 0 | |
| Frequency rate for workplace accidents(3) | 6.77 | 15.25 | 125% |
| Severity rate of workplace accidents(3) | 0.09 | 0.10 | 11% |

**Training(4)**

| Total training costs (in K€) | 18,524 | 27,320 | 47% |
| Total training costs (in € per full time equivalent) | 2,885 | 4,238 | 47% |

**Disabled staff(5)**

| Total staff with disabilities | 99 | 92 | -7% |

**Collective agreements**

| 2 | 7 | |

(1) (2) (3) (4) (5): See note on the Methodology.
4.4 Corporate citizenship information

4.4.1 Dialogue with stakeholders

Listening and engaging in dialogue are major components of Air France-KLM’s sustainable development strategy. The Group identifies its key priorities amongst those that stakeholders consider the most relevant meaning that it pays a great deal of attention to the expectations of its customers, employees and suppliers, and to local communities, associations, local authorities and representatives of civil society, such as NGOs.

This on-going dialogue helps the Group to understand the changes taking place in wider society more effectively, together with the challenges and issues with which it is faced. It encourages the emergence of new subjects and serves as a starting point for the brainstorming process on pilot projects. Such interaction also enables an improvement in the Group’s reporting. The 2014 financial year saw the disclosure of more comprehensive information on the management of risks linked to climate change, on the respect of human rights notably amongst employees and sub-contractors, and the taking into account of social and environmental criteria in the evaluation of suppliers.

For the sustainable development goals, a number of dialogue-based initiatives enable the perception of stakeholders to be identified more clearly:
- Internal barometers and meetings to garner employee suggestions;
- Customer perception and satisfaction surveys;
- Materiality testing of representative individuals;
- Dialogue and evaluation of supplier Corporate Social Responsibility performance;
- Exchange of best practices and working groups within the sector and with other large companies;
- Discussions with shareholders and Socially Responsible Investment (SRI) investors together with recommendations from extra-financial ratings agencies;
- Opinions and remarks gleaned from the dedicated digital addresses, websites and the social media;
- Feedback channels deployed to enable stakeholders (notably employees, customers and local residents around airports) to communicate any complaints.

Some examples of stakeholder dialogue:

Employees
- Annual perception study on CSR: 4,500 Air France employees surveyed in 2013. Seventy-five per cent of staff members feel that their division is involved in the airline’s CSR policy, while 66% feel they are personally engaged. 230 suggestions were submitted, notably on the recycling of waste.

Customers
- CSR perception survey of Flying Blue customers: this survey enables a better understanding of customer expectations and the identification of issues they deem to be priorities. Main issues identified in 2013: investing in a modern fleet, reducing water, energy consumption and waste, supporting aviation-related research and research into renewable energies.
- KLM Takes Care online platform: the KLM Takes Care website posts articles and videos, and offers customers the opportunity to share their ideas on sustainability topics.
- Social media: 13.2 million friends on Facebook and 1.6 million followers on Twitter.

Local stakeholders
- Dialogue with local residents: Air France and KLM are members of local committees based around airports which constitute the main forum for dialogue between air transport professionals and local communities, thereby helping to orientate the environmental measures accompanying airport development. Air France participates in the Environmental Advisory Committees (CCE) and Advisory Committees for Resident Assistance (CCAR) in the main French airports while KLM remains committed to pursuing dialogue through the Alders Table and CROS (Schiphol Regional Consultative Committee).
- Grand Roissy: Air France is contributing to the extensive discussions on projects set to shape the areas surrounding Paris-CDG airport. Air France is also a member of local development associations whose aim is to reinforce the international appeal of the Paris-CDG catchment area.
- Visits and meetings: Air France and KLM regularly organize visits to their facilities for government officials and other stakeholders giving them an insight into the airline business and exchanging views on a variety of issues such as sustainable development and innovation.
Partnerships and NGOs

✦ WWF-Netherlands: WWF-NL participated in the brainstorming process on KLM’s options and objectives within the framework of the establishment of the company’s CSR strategy for 2020, notably on biofuels and responsible catering.
✦ Associations dedicated to CSR: as a member of associations such as ORSE, Comité 21 and Global Compact France, Air France maintains a permanent dialogue with experts and other French companies.
✦ UNICEF the Netherlands: strategic collaboration with KLM concerning the definition of criteria relating to Children’s Rights impacted by the airline sector.

4.4.2 Fair commercial practice

Air France-KLM’s commitment to sustainability is enshrined in its Corporate Social Responsibility Statement which affirms the Group’s commitment to fostering respect for the environment, social equity and local development. As a signatory of the United Nations Global Compact, Air France-KLM is committed to respecting and applying in its sphere of influence the fundamental principles of human rights, and to combating all forms of corruption. Every year, Air France and KLM renew their commitment to the United Nations Global Compact and have obtained the “Advanced level” status.

A commitment to respecting Human Rights

In its Corporate Social Responsibility Statement, the Group undertakes to respect human rights and oppose all forms of child and forced labor.

The Social Rights and Ethics Charter affirms the Group’s commitment to fostering a climate of trust and mutual respect in a working environment where no form of discrimination or harassment is tolerated. Employees have the right to working conditions that respect their health, safety and dignity, and which guarantee social dialogue. The Charter applies to all Air France and KLM employees and to those in their European subsidiaries.

Within the framework of its activities, the Group has identified the risk factors relating to human rights. The measures put in place to mitigate these risks fall into a number of different areas: health and safety in the workplace, equal opportunity, achieving a better work/life balance and data protection procedures to protect the personal information of customers and employees.

In its relationships with suppliers, the Group is committed to ensuring that the principles of fundamental social rights are properly respected, everywhere in the world. Suppliers are invited to sign a Sustainable Development Charter based on the principles of the United Nations Global Compact.

Furthermore, particular attention is paid to children’s rights. Since 2013, KLM has been working with UNICEF Netherlands on Children’s Rights and Business Principles (CRBP) and their implementation within the company, together with the definition of guidelines for the air transport industry.

Affirming the business conduct rules

Air France-KLM ensures that ethical principles are respected in the way it does business and has formalized these principles in a series of documented guidelines. Some of these rules apply to all members of staff while others apply to specific areas. For example, the Air France-KLM Procurement and Air France Recruitment functions both have codes of ethics in force which are signed by all members of staff.

The Board of Directors has adopted a Compliance Charter and a Financial Code of Ethics. The Compliance Charter requires company officers, senior executives and employees of the company with access to inside information to respect the rules relating to trading in the company’s shares while the Financial Code of Ethics sets out the rules concerning financial information with which they must comply.

KLM has a Code of Conduct, establishing the main principles concerning financial and business integrity, confidentiality and respect of the CSR commitments.

Air France-KLM combats all forms of corruption. Consistent with the evolving international legislative and regulatory context, an Air France and KLM Anti-Corruption Manual was circulated at the end of 2013 and is available to all employees. In 2014, 14,000 Air France and KLM employees were invited to complete an e-learning module on the prevention of corrupt practices. This training aims to increase awareness of the importance of corruption prevention. This e-learning tool includes a knowledge verification component requiring a score of 80 per cent to pass.

Lastly, to enable members of staff to flag any serious issues of which they may become aware, such as accounting and financial fraud or corrupt acts, Air France and KLM have a whistle blower procedure. This confidential procedure is accessible to everyone with no risk of sanction for the whistle blower.

Since November 2013, KLM’s financial whistle blower procedure has been replaced by a broader-based procedure, enabling employees to report any form of irregularity or suspected irregularity. The policy applies to all employees working for KLM and its subsidiaries both in the Netherlands and internationally.

Compliance with competition law

Air France-KLM has implemented a compliance policy to prevent anti-competitive practices by circulating the Air France and KLM Competition Law Compliance Manual to all employees. Several other prevention tools are at their disposal including, notably, a hotline dedicated to competition law and specific training delivered by the Group’s lawyers.

An online training module on the application of competition law is now mandatory for all Air France and KLM executives in posts requiring such knowledge. After this training and having passed the final evaluation test, employees sign an individual declaration in which they commit to complying with the competition laws applying to their functions.
4.4.3 Measures to safeguard consumer health and safety

Flight safety and risk management

Flight safety is paramount for Air France-KLM. It is key to retaining the trust of both customers and staff, and imperative for the long-term viability of its operations and of air transportation as a whole.

All of the Group’s businesses are subject to extensive checks and certifications, and meet extremely strict standards and the highest level of regulations in the industry, both at European level with the European Aviation Safety Agency (EASA), and globally with the International Air Transport Association (IATA), whose IOSA operational safety audit is a benchmark within the industry.

To achieve the highest attainable standard of flight safety, the Safety Management System (SMS) has been implemented across the two airlines. The SMS applies an approach specific to the management of aviation risks, and is supported by a commitment at the highest level of management within the Group, and by training and awareness-raising initiatives among all members of staff.

More generally, flight safety is an integral part of the risk management procedures (see Chapter 3 Risks and Risk Management).

Measures to safeguard consumer health

The Group must guarantee the integrity of its in-flight catering for both customers and flight crew. The manufacturing and supply of food products are governed by European regulations which impose multiple requirements: the auditing of caterers, micro-biological and temperature analyses, staff training in the best hygiene practices, etc.

To respect these requirements, the two airlines have established a quality-first procedure. Air France based its Quality system on the ISO 22000 standard (food safety) becoming, in 2006, the first airline in the world with this certification. Food safety remains at the heart of the airline’s priorities in terms of customer service. This risk domain is now an integral part of the company’s Integrated Management System. It is within this framework that the ISO 22000 certification was renewed in 2014 for a three-year period, following a unique MSI certification audit.

To ensure strict control over standards of hygiene, Air France carries out some 15,000 in-house microbiological checks each year for 45 million meals served on board aircraft. In terms of the sanitary quality of the water embarked on aircraft, around 400 to 500 analyses are carried out annually.

Furthermore, within the framework of a European regulation on consumer information, passengers and cabin crew are informed of any allergens present in the in-flight services on departure from Europe or offered in the European lounges.

All Air France and KLM cabin crew are, furthermore, qualified in first aid and the aircraft are systematically equipped with first aid kits and automated external defibrillators. To prevent the risk of thrombosis, an in-flight video on long-haul services screens exercises for passengers. Air France’s Airbus A380s also have a fully-equipped medical area.

The Group also offers a number of health-related services to passengers. For example, KLM Health Services offers a comprehensive three-stage service to its customers during their outbound flights, on arrival at their destinations and during their return flights. Air France’s commercial website includes a health and well-being section while Air France has an ISO 9001-certified vaccination center in Paris.

In partnership with the Valk Foundation, Schiphol Airport and Leiden University, KLM offers a program to overcome the fear of flying based on in-depth research into its causes. For its part, Air France also offers similar courses to help its passengers overcome their phobia of aircraft.

4.4.4 Contributing to regional economies

Employment and regional development

Paris-CDG and Amsterdam-Schiphol airports are hubs offering multiple connections. They form an extensive, high-quality network which generates an attractive business environment.

With 90% of the Group’s employees based in France and the Netherlands, Air France and KLM make a significant contribution to job creation at their hubs. The KLM Group is the third largest private sector employer in the Netherlands with 30,434 of them 65,000 directly-generated jobs in the Schiphol catchment area.

Air France’s more than 40,700 employees in the Ile-de-France make it the leading private sector employer in the Paris region. In 2014, the airline reaffirmed its commitment to the Paris region with the construction of Hélios, a new workshop dedicated to aerostructures. Air France’s procurement in France (excluding fuel) comes from the Paris region, and represents a total of €1.9 billion in France.

Through their purchasing volumes, the two companies also contribute to regional and national development: 76% of Air France’s procurement in France (excluding fuel) comes from the Paris region, and represents a total of €1.9 billion in France.

The Group’s operations also generate numerous direct and indirect jobs around their hubs: ground handling and catering services, cleaning and the sub-contracted services required for aircraft operation. The activity of Paris-CDG airport generates almost 248,000 direct, indirect and spin-off jobs, including 86,000 with the 700 businesses based in the airport catchment area.
The Group fosters innovation by supporting small and medium-sized companies and start-ups. Since signing the Charter for Public-Owned Companies in Favor of Innovative SMEs in late 2012, Air France has supported small and medium-sized companies by helping them implement innovative projects. Air France has been a founding member of the Welcome City Lab incubator since March 2014. In 2009, KLM and its partners, Schiphol airport, Rabobank and Delft University, jointly created the Mainport Innovation Fund, aimed at accelerating innovation in the air transport by investing in start-ups.

Through its extensive global network the Group participates in the dynamism of the economic and social fabric of the countries and regions it serves. This dynamism involves investment, recourse to local production, skills transfer and spin-off economic activity. The Group makes a pro-active contribution to developing the economic regions where its operations are based.

The wide range of professions and services required for the Group’s out-station activity generates a significant number of direct and indirect jobs. For example, Air France’s Servair subsidiary is present in more than 50 international airports where the company prioritizes local employment and procurement. Through partnerships, Servair has gradually established itself as the leading African airline caterer in numerous outstations.

A permanent dialogue with local communities

Air France and KLM maintain a pro-active and transparent dialogue with all the regional stakeholders. These regular discussions are the key to successful cooperation on issues such as noise and the quality of life around airports.

Association Pays de Roissy-CDG

Created in 2003 at the initiative of Air France, the association brings together companies, local elected representatives and residents of the Paris-CDG catchment area, enabling projects concerning economic development, housing, transportation, culture, training and research to come to fruition. Through this association, Air France reinforces its territorial foundations and works in partnership with the local players.

Environmental Advisory Committees (CCE) and Advisory Committees for Resident Assistance (CCAR)

Active in the main French airports, the CEEs constitute the main forum for dialogue between the operators and local communities, thereby helping to orientate the environmental measures accompanying airport development. The CCARs are advisory bodies specially dedicated to supporting the sound proofing housing in communities located near to airports. Air France is a member of all the CCEs and CCARs in France.

Grand Roissy and Grand Paris

Air France is contributing to the major debates on projects set to shape the areas surrounding its hubs over the coming twenty years, such as the consultation process on the Nouveau Grand Paris, Métropole du Grand Paris and Grand Roissy projects. Air France is a member of the Grand Roissy Economique commission which aims to coordinate the economics of the region. The company is also involved alongside other regional players with the Aerotropolis Europe and Hubstart Paris associations to reinforce the international profile and economic attractiveness of Paris-CDG airport.

Alders Table

KLM and stakeholders ranging from Schiphol airport to Dutch Government Ministers and local communities all come together around the Alders Table. This dialogue fosters a better understanding of the factors influencing the noise environment around Schiphol so as to achieve the optimum balance between an increase in the number of aircraft movements and noise abatement.

CROS

KLM has been investing for several years in dialogue and cooperation with inhabitants of the Schiphol Airport zone, mainly through the Schiphol Regional Review Board (CROS). The CROS was established in 2003 to discuss the development of the airport and noise abatement measures.

Landschap Noord Holland

Since 2010, KLM has been working in partnership with Landschap Noord Holland Foundation as part of its commitment to supporting nature conservation and biodiversity in the territories served by KLM including the Netherlands home base. Amongst the Foundation’s many projects, KLM has specifically “adopted” the Ilperveld region. This area of reclaimed land is a stunning example of Dutch water management as well as being particularly rich in bird and plant life.

Contributing to skills development, the vocational integration of young people and the social integration of the vulnerable

Air France and KLM encourage initiatives promoting access to training leading to professions in the airline industry through a number of different associations and educational programs for young people. The two companies notably support the following initiatives:

OPEN (Ouvrons nos Portes à tous les Elèves Naturellement)

Initiated by Air France in 2010, this project aims to enable teenagers with little or no access to the business environment to spend one week learning about the Air France professions. In 2014, this initiative was repeated and 200 pupils from 10 local schools learned about careers in the air transport industry, while 14 children gained valuable work experience at the company’s head office.
AFMAé apprentice training center

The AFMAé trains air transport industry apprentices at its training center which provides 25% of the training in the air transport professions in France: in 2014, 624 young apprentices were trained there (of whom 50% were welcomed by Air France). Air France is a founder member of AFMAé.

Luchtvaart College Schiphol

In 2013, KLM entered into a partnership with the Luchtvaart College Schiphol (Schiphol Aviation College), a Schiphol Group and ROC Amsterdam initiative. This institution enables the development of professional skills within the aviation sector by offering various vocational (MBO) training programs to people already working in the airline industry as well as on-the-job learning programs and internships.

Airemploi

Air France is a founder member of this association which offers information on career opportunities and training courses in the air transport and aeronautical professions. In 2014, the association took part in 150 Terre et Ciel conferences with 3,000 school children, 40 Terre et Ciel conferences with 350 career advisors, 14 Découverte des Métiers workshops with 300 career advisors, and 79 trade fairs and seminars in the Île-de-France and the French regions attended by 13,000 people. Airemploi runs projects to promote a better professional balance between men and women: in 2014, L’Assistance au féminin, and participation in the Je filme le métier qui me plaît competition perpetuated the operation in place since 2009, Féminisons les métiers de l’aérien.

JINC (Jeunes en Recherche d’Emploi à Roissy et Orly)

Air France is a founder member of the association which promotes the vocational integration of young local people without formal qualifications who are excluded from the workplace through a scheme combining training with professional experience and social support. In 2014, some 134 interns completed a foundation course leading to a qualification within Air France. These initiatives are implemented in partnership with the Île-de-France region, the French Department of Education, the Apprenticeship Training Centers (CFA), and regional institutions and associations. In 2014, JEREMY welcomed more than 200 interns to a new training initiative focused on English as used in airports.

Fondation de la Deuxième Chance

Since 2005, through its Sodesi subsidiary, Air France has been committed to the Fondation de la Deuxième Chance for which it coordinates the airport catchment area site located in Roissy. This Foundation contributes to the realization of professional projects by vulnerable people.

ROC

KLM pursues its policy of investing in educational programs alongside Regional Education Centers (ROC). The KLM Maintenance division partners five ROC establishments which provide vocational training and offer internships to students training to be aeronautics mechanics. In 2014, 60 ROC students benefited from internships at KLM.

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Partner sponsorship initiatives

Historically, the Group has always played an active role in promoting international development, particularly through its support of NGOs and projects spearheaded by its own employees. Concretely, Air France-KLM supports development projects in various different ways:

Long-term programs and humanitarian partnerships

Air France works to help disadvantaged children through its Corporate Foundation which, in 2014, actively intervened in 110 projects across as many countries. For more than three decades the airline has partnered the Acting for Life NGO, which promotes child protection, economic development and sustainable tourism. In 2014, the organization supported 37 projects in Africa, Asia, Latin America and Europe. Air France has also provided long-term support for humanitarian air transport missions carried out by Aviation Sans Frontières (Aviation Without Borders). The company also acts as an information conduit by raising passenger awareness of the devastation caused by child sex tourism, by financing ECPAT International’s prevention campaign and diffusing literature during flights to so-called at-risk destinations.

The KLM AirCares program continues under the name KLM Takes Care, in partnership with UNICEF Netherlands, WWF-NL and five other smaller partners: “Close the Gap”, “Doctor2Doctor”, “Aviation without Borders”, “Wings of Support” and “Get It Done”.

A total of 113 million miles were donated by members of the Flying Blue frequent flyer program to partner associations in 2014.
Logistical support

In 2014, 739 Air France tickets and free transportation of excess baggage were donated to more than 30 NGOs, principally involved in providing medical assistance.

In 2014, KLM donated tickets and transported 53 tons of cargo and approximately 500 kg of excess baggage to its AirCares program partners.

4.4.5 Sub-contracting and suppliers

Pursuing a responsible procurement policy

As a service company, Air France-KLM’s business activity is heavily dependent on procurement which represented €15.8 billion in 2014 and was realized with some 4,200 contractual suppliers. Fuel purchasing amounts to more than 42% of this expenditure followed by airport and navigation fees, airport handling, aircraft maintenance and components. Given the significant proportion of external expenses relative to total revenues, optimizing, innovating and making the supply chain more sustainable are priorities for the Group and contribute to improving profitability. Air France-KLM has significant leverage via its procurement policy and purchasing volumes which it can use to encourage responsible practices across the supply chain.

For a number of years, the Air France-KLM combined Procurement function has aimed to incorporate corporate social responsibility principles into relations with suppliers by reinforcing control over ethical, social and environmental risks. To this end, the procurement process takes place in the following manner:

- the buyer sends the supplier a “supplier questionnaire” addressing a number of themes such as safety, environmental management and HR policy, etc.;
- the supplier is invited to sign the Sustainable Development Charter for suppliers based on the principles of the UN Global Compact or provide their own equivalent document which may be approved following analysis. In 2014, the proportion of suppliers having demonstrated their CSR commitment increased to 75%. In 2015, this charter will be reinforced with the “Supplier Code of Conduct”;
- most specification sheets attached to tender documentation list the criteria enabling the evaluation of the environmental impact of the products or services, which are then taken into account during the evaluation of the different supplier proposals. This is an integral part of the assessment of the total cost of ownership and the life cycle analysis;
- the supplier contract includes an ethical and environmental clause based on the relevant products and services.

Regular meetings of supplier performance monitoring committees are convened to oversee supplier performance. To supplement the existing process and extend the target scope, the Procurement function has entered into a contract with a services provider specialized in the evaluation of suppliers based on corporate social responsibility criteria. Of the 179 suppliers scored in 2014, consistent with the Air France-KLM CSR compliance policy, those who did not reach an acceptable level will have to implement remedial measures to meet the Procurement division’s requirements.

Empowering the buyers

In addition to sharing the Group’s CSR commitments, the Air France-KLM buyers are encouraged to sign a Code of Ethics outlining the ethical rules to be followed when dealing with suppliers. This document and the Sustainable Development Charter are available on the Procurement website. Furthermore, an internal process has been established to guide buyers in making responsible purchasing decisions including web links providing more information on best environmental practices together with training and seminars to build buyer awareness and develop their skills, ensuring they take environmental and social criteria into account wherever possible in their work.

Mobilizing and innovating with suppliers

Via performance-monitoring meetings, special events, participation in forums and working groups, and its website dedicated to suppliers (www.af-klm.com/procurement), the Procurement function maintains an on-going dialogue with suppliers. Suppliers can thus find information on how procurement is organized, the procurement strategy and the function’s commitment to sustainability.

During 2013, the foundations of a Supplier Relations Management System (SRMS) were deployed. This system is based on building long-term relationships between the buyers and strategic suppliers enabling, for example, issues like corporate social responsibility to be central to their discussions and to move forward together on these points. In 2014, the SRM was itself deployed.

The Procurement function thus sees its suppliers as bona fide partners in mutually-beneficial growth. In this capacity, it supports their research and development to identify innovative solutions and analyze the environmental impact of products. During the drafting of a product specification, the prescriber and buyer work together to identify the environmental and social characteristics, thereby encouraging the supplier to not only develop the environmental performance of its products but also engage in a wider commitment to sustainability.
Procurement also cooperates with associations and companies in the sheltered sector on multiple projects representing a total €18 million of the Group’s procurement (for example, the cleaning of blankets in Economy and Business classes). Through a formalized action plan, it also fosters the development of small and medium-sized companies and start-ups via initiatives such as the creation of an innovation counter, and participation in business incubators and themed initiatives such as the Lab’Line for the Future project.

Air France participates jointly with Procurement in responsible purchasing working groups organized by the ORSE and AFNOR.

Partnering local development

The services sub-contracted by Air France-KLM represent a significant number of direct jobs, of which more than two-thirds are based in Europe. The Group also contributes to the development of activity in specific sectors in the regions where the two hubs are located and in the countries served, through purchasing with local suppliers. For example, the Group contributes to developing local activity in the French regions (more than €470 million of contractual procurement in 2014, excluding the purchasing of aircraft and fuel).

Substantial sub-contracting

To identify the direct portion of sub-contractor procurement, an estimate has been made based on the Group’s external expenses. Based on this estimate, the amount of external expenses, excluding fuel, potentially linked to sub-contracting procurement concerns principally catering, airport handling, aircraft sub-contracting and maintenance. This amounted to €2.6 billion in 2014.

Taking into account social and environmental priorities

The obligations of suppliers in terms of the environment and occupational health and safety are stipulated in the product or service specifications.

To prevent the risks linked to joint-activity during interventions, the establishment of prevention plans is systematic. This approach is the subject of a General Occupational Health and Safety Procedure. For Air France, the accident record of sub-contractors is monitored by a performance indicator included in the company’s annual social reporting.

Furthermore, an environmental clause figures in Air France’s catering contracts which includes measures to reduce the environmental footprint, such as the sorting and recycling of waste and the use of seasonal products.

KLM deploys a sustainable catering policy in partnership with its suppliers to contribute to the preservation of biodiversity. This sustainable catering policy focuses on products with less impact on biodiversity, particularly through fish, soy and palm oil.
4.5 Environmental information

4.5.1 Overall environmental policy

Organization and responsibilities

Air France-KLM aims to place sustainable development at the heart of its corporate strategy. This commitment is spearheaded by the management bodies and shared by all employees who are encouraged to participate in the development of innovative approaches.

Every year, the issues surrounding sustainable development are reviewed in the Group Strategic Framework, which is approved by the Board of Directors during the annual meeting devoted to the Group’s strategy.

At Air France, the sustainable development policy is steered by an Executive Vice-President who is a member of the Executive Committee. At KLM, this role is fulfilled by the President of the Managing Board, as Chairman of the Executive Committee.

Air France’s Director of Environment and Sustainable Development and KLM’s Director of Corporate Social Responsibility (CSR) & Environmental Strategy are responsible for implementing the CSR strategy and monitoring the programs in each company. The two departments closely coordinate their activities, collectively advise on the Group’s environmental strategy and work together on a wide range of issues. They are notably responsible for carrying out the common environmental reporting through the Corporate Social Responsibility report.

Both departments are also responsible for the deployment of the company’s Environmental Management System. At Air France, the Environment and Sustainable Development department establishes the environmental policy, ensures the consistency of the action plans in the entities and coordinates the network of Environmental managers in all the operational divisions. Individual divisions are then responsible for applying the environmental policy, ensuring regulatory compliance in their business segment, implementing the risk mitigation action plans and achieving the environmental targets and levels of performance. The overall environmental management system is reviewed by the Executive Committee every six months.

At KLM, the Corporate Social Responsibility (CSR) & Environmental Strategy department steers, advises and monitors the environmental policy. It is the responsibility of individual divisions, assisted by the CSR and Environment coordinators, to implement this policy. All KLM departments have their own environmental coordinators reporting to the Quality Managers and to the Executive Committee members, who are themselves members of the Safety Review Board. This Board is responsible for monitoring environmental compliance and performance.

Environmental management/ISO 14001 certification

The Environmental Management Systems of Air France and KLM have been ISO 14001 certified, respectively since 2008 and 1999, for all flights and operations in France and the Netherlands. This certification was renewed for a three-year period in 2014 for Air France and in 2012 for KLM.

The Environmental Management System enables the monitoring and control of the implementation of defined actions and to evaluate, on an on-going basis, the environmental impacts of the company’s activity based on a continuous improvement approach. For each entity, the processes are identified, planned, monitored and verified. There are also a series of internal and external audits to verify the effective deployment of the Environmental Management System.

In addition to compliance with the regulations in force, the Environmental Management System is used as a tool to drive an improvement in environmental performance and innovation across the Group and its suppliers.

Environmental reporting/Verification of extra-financial data

Air France and KLM generate and report a series of environmental indicators for the whole of the Air France-KLM Group using tools that are proprietary to each company.

Air France generates environmental reporting using the OSYRIS (Operational SYstem for Reporting on Sustainability) IT application, enabling the population, verification and consolidation of the data for all the ground operations to be centralized. For flight operations, the data are calculated using the DataWareHouse tool.

KLM manages and reports its environmental indicators in a similar fashion using the CaeSaR database tool.

The environmental reporting procedure common to the Group is outlined in a document common to Air France and KLM containing the definitions and scope of the indicators. Within the framework of a pro-active approach, since 2008 Air France-KLM has had a number of its environmental indicators verified by one of its Statutory Auditors. The verification is carried out with the highest level of assurance known as reasonable assurance for the indicators that are the most significant for the air transport industry (namely CO2 emissions and fuel consumption in the flight operations). The other indicators, together with the text, are verified based on the modalities outlined in the note on the methodology.
Employee training and information on environmental protection

Air France and KLM have developed a series of environmental protection training modules for employees.

✦ In 2014, Air France rolled out a number of training modules aimed at maintaining the skills of the Environmental manager network, management of the environmental management system, handling of hazardous products, and the management of waste and Classified Installations for Environmental Protection. This training was also followed by managers in the real estate division.

✦ Employees in the two companies are offered e-learning modules on Corporate Social Responsibility including the environmental aspects. This training, which is accessible to all Air France and KLM employees, is recommended for managers and all those whose functions require such expertise like, for example, the members of the Environment Committee;

✦ Training in sustainable driving is offered to staff at Air France, aimed at sharing a range of best practices for safer driving which is more respectful of the environment. An eco-pocket calculator enables the visualisation of the potential reductions in fuel consumption and CO2 emissions;

✦ Flight crews are regularly informed of the actions deployed to optimize flight procedures and kerosene consumption;

✦ Environmental awareness and incident reporting is an integral part of the basic training for operational staff at both Air France and KLM.

The Group has a number of different channels for the in-house communication of environmental information:

✦ Air France and KLM regularly organize, notably during Sustainable Development Week, conferences and workshops on various themes such as climate change, biofuels, reducing resource consumption and the company’s support for NGOs;

✦ information is regularly circulated via in-house communication channels to update employees on the latest environmental news concerning Air France and KLM;

✦ KLM regularly organizes a Corporate Social Responsibility (CSR) Café, enabling employees to meet representatives from NGOs, front-runner companies and supply chain partners, and discuss subjects relating to sustainable development.

Resources dedicated to the prevention of environmental risks and pollution

Managing environmental risks

The identification and management of environmental risks is an integral part of the Environmental Management System. In each division, the risks are identified, their impact evaluated and preventive and corrective measures implemented through the proprietary action plans.

In 2014, Air France deployed an overall tool to manage environmental risks and the related action plans at divisional level, while ensuring the level of regularity compliance.

Every three months, a presentation of the operational and financial risks, including the environmental risks that are deemed to be the most significant, is made by Internal Audit and Internal Control. Presentations are also made to the Executive Committee and the Audit Committee of the Air France-KLM Group’s Board of Directors.

In parallel, Air France has developed a system for managing operational incidents and compliance audits. This system also enables employees to report any situations perceived as a potential risk. Used by the operational entities and based on a common risk management matrix, this system inventories all the data related to flight safety, customer service, the environment, health and safety in the workplace, security and food hygiene.

In 2013, KLM started to integrate the management systems for Operational Safety, Occupational Safety, Environmental Safety and Operational Security into an Integrated Safety Management System (ISMS) which provides a framework for continuously reducing operational, occupational, operational security and environmental risks, thereby maintaining the highest-possible level of safety. The ISMS identifies hazards, threats and potential safety issues, collects and analyses data and assesses safety risks. It then implements mitigation measures and monitors the results. This integration process will continue in 2015.

A feedback system has been established in all the Air France and KLM Operational divisions to record environmental incidents, enabling the definition and implementation of risk prevention plans at Group level. The Air France Environmental managers regularly meet to analyse, at corporate level, environmental incidents and define any remedial measures required.

In 2014, Air France carried out a mapping exercise for all the waste generated by its activities enabling analysis of the risks associated with waste management.

See also Chapter 3 on Risk factors and their management.

Environmental expenditure and investment

Air France-KLM’s policy is to fully integrate environmental management within the business operations, meaning that it is difficult to identify the portion of expenditure for purely environmental purposes.

The Group has continuously invested in new aircraft and currently operates a rationalized, modern fleet. This enables it to offer passengers a higher standard of comfort, achieve substantial fuel savings and respect its sustainable development commitments by reducing greenhouse gas emissions and noise disturbance for residents around airports.

Furthermore, the air transport industry is subject to numerous environmental regulations. In the past few years, the national and European authorities have adopted various regulations regarding, in particular, noise pollution and gas emissions, introducing taxes on air transport companies and obligations for them to ensure the compliance of their operations. See also Chapter 3 on Risk factors and their management.
Since January 1, 2012, the aviation sector has been part of the European Union Emissions Trading System (EU-ETS) pursuant to European directive no. 2008/101/EC of November 19, 2008, amended in April 2014.

Furthermore, in 2013, the International Civil Aviation Organisation (ICAO) affirmed its intention to implement a global system of market-based measures for CO₂ emissions in 2020. The principles of this system should be adopted in 2016 at the next ICAO Assembly.

To reduce the noise impact on populations around airports, for some years the Dutch and French governments have implemented policies aimed at adapting urbanization as a function of exposure to aircraft noise. These include preventive measures aimed at avoiding the settlement of new inhabitants and remedial measures to sound-proof existing homes.

In 2014, the Group paid a total of €31.5 million in airport noise taxes. Air France’s contribution to the Airport Noise Tax (TNSA) paid to the French State for every take-off amounted to €13.3 million. The proceeds are dedicated to financing sound-proofing for homes situated near airports and exposed to aircraft noise. In 2014, KLM paid €18.1 million in noise taxes for sound-proofing and compensation for loss of value in property around Schiphol airport.

**Environmental risk provisions and guarantees**

Air France has taken out an insurance policy to cover civil liability for environmental damage risk up to a sum of €50 million per claim and per year, with lower specific limits depending on location and/activity. In the event of a claim, deductibles will apply. This insurance also covers a number of subsidiaries including those with flight operations like HOP! and Transavia France.

KLM’s aviation insurance covers environmental damage due to an aircraft accident, fire or explosion. KLM has no specific financial provisions or guarantees for environmental risks because the regular financial provisions of KLM are applicable. One exception however: the provision made within the framework of the agreement between KLM and the WWF-NL on the 1% goal for biofuel use in 2015.

**Measures taken to guarantee the Air France-KLM Group’s compliance with legal and regulatory environmental requirements**

Air France and KLM regularly evaluate the level of environmental regulatory compliance, notably through a series of checks and internal and external audits.

At Air France, the Regulatory Intelligence Committee is regularly convened, in the presence of a legal counsel, to monitor any regulatory changes, review the compliance indicators for the divisions and implement any relevant remedial measures. The process is supported by a new tool, developed in 2014, enabling the analysis of new applicable laws and regulations, and the monitoring of the level of regulatory compliance in the company’s different divisions.

To ensure compliance with the legal and regulatory requirements relating to Air France and KLM’s ground operations in the international stations, KLM has adopted an environmental code of best practice in its outstations (GEP = Good Environmental Practices).

**Amount of environmental indemnities paid during the financial year as a result of legal rulings**

Air France and KLM paid no environmental indemnities during the financial year.

**4.5.2 Pollution and waste management**

**Prevention, reduction and reparation of air, water and ground emissions with a serious environmental impact**

The Air France-KLM Group monitors its atmospheric emissions for both flight and ground operations, including low altitude emissions which impact the quality of the air around airports. The indicators cover emissions of CO₂, SO₂, NOₓ, HC and incidences of inflight fuel jettison.

The effluents released from the Air France and KLM’s maintenance operations are the subject of regular checks to ensure that the thresholds defined by local legislation are fully respected for each of their sites. The main effluents monitored are pH, nitrogen, phosphorus, metals, COD (Chemical Oxygen Demand) and BOD (Biological Oxygen Demand).

**Prevention, recycling and evacuation of waste**

Air France-KLM constantly strives to minimize the generation of waste and increase the proportion that is recycled or reprocessed. Within the framework of the Environmental Management System, Air France is aiming to increase the proportion of recycled waste to 100% for non-hazardous waste and 60% for hazardous waste by 2020. The target set for 2015 is to increase the recycling rates for both hazardous and non-hazardous waste by two percentage points (relative to their level in 2014). Similarly, in 2013, KLM defined its “no waste of resources and materials” goals for waste prevention and reduction, targeting 100% waste recycling and recovery in 2020, except for waste where recycling and recovery is not legally permitted.

The recycling of on board waste is an abiding priority for the Group which implements recycling initiatives and is developing the principle of eco-design to acquire the means to improve the environmental
evaluation of its products and reduce their overall impact. For example, at Air France, a significant proportion of reusable equipment, like trays, drawers, blankets and trolleys, is recycled every year.

Air France and KLM have extended their recycling program for metal aeronautical waste to four other types of waste: furniture, equipment, pallets and blankets. At Air France, the installation of new long-haul seats within the framework of the Best project has been accompanied by the implementation of a recycling and dismantling process for the old seats ranging from the reuse and recovery of spare parts to the recycling of foams and metals.

Hazardous waste from the maintenance activities is the subject of a comprehensive tracing system and its management is harmonized in the different maintenance sites. This approach is also reflected in the optimized management of suppliers and costs, and the search for more relevant solutions with reference to regulatory changes.

The two companies are also working on initiatives to upcycle waste into new uses like, for example, the collection and recycling of used uniforms. In 2013, used KLM uniforms and old Business class carpeting were recycled into fibers used to manufacture the carpets currently installed in the airline’s new Business class. For its part, KLM Catering Services has also developed initiatives to increase the types of recycled waste.

At Air France, re-useable components like medical equipment are recovered from out-of-date on board survival kits. Outdated life vests and giant advertising tarpaulins are used to manufacture travel amenity bags and kits.

**Measures taken to limit noise pollution**

While accommodating the increasing demand for mobility, one challenge for the aviation industry is to maintain noise hindrance at an acceptable level for those living near airports. Air France-KLM has formalized its commitment to noise mitigation by making it a requirement enshrined in its Corporate Social Responsibility Statement. The Group monitors the trend in the global noise disturbance from its activities through an annual noise energy indicator.

The most effective way to reduce noise hindrance is to operate modern, noise-minimized aircraft. The entire Air France-KLM fleet complies with the criteria established by the ICAO Chapter 4 Noise standard, the most demanding norm covering the acoustic quality of civil aircraft.

Improving departure and approach procedures can also help to reduce noise hindrance for local residents. Air France and KLM actively contribute to the implementation of noise abatement procedures. The environmental benefits of each new procedure are assessed, approved and made public by the French and Dutch civil aviation authorities.

Through discussion forums, Air France and KLM strengthen their ties with local residents and other stakeholders. In France, this dialogue is conducted within the context of CCEs (Environmental Consultative Commissions) and CCARs (Advisory Residents’ Assistance Commissions) in which Air France participates at all airports where it has operations. In the Netherlands, KLM participates in the Alders Table which addresses issues surrounding noise.

Within the framework of the Schiphol Regional Consultative Committee (CROS) and the Works Councils, KLM and Air France work with representatives of local populations, airport authorities and air traffic control to identify measures and solutions to mitigate the noise hindrance that can affect local residents around airports.

**4.5.3 Sustainable use of resources**

**Water consumption and the water supply as a function of the local constraints**

The Air France-KLM Group makes a continuous effort to reduce water consumption through better management of its processes, making its teams more accountable and by factoring environmental criteria into the design and realization of its tools and work stations. The activities with the highest water consumption are catering, which represents around 45% of total water consumption, and maintenance where water used to wash aircraft and engines represents some 25% of the overall total.

Air France’s Maintenance division has established an aircraft washing process which consumes much less water, saving around eight million liters of water a year.

For its part, Servair continues to deploy tools enabling the consumption of its industrial washing machines, which use a lot of water, to be monitored more closely.

The action undertaken to reduce water consumption includes the installation of water meters, the reuse after treatment of rinsing water and the replacement of systems pumping groundwater by closed-loop or alternative systems.

In view of its activity, the Air France-KLM Group is not significantly concerned by the “Water supply as a function of the local constraints” theme.

**Consumption of resources and the measures taken to optimize their use**

The Air France-KLM Group has a long-standing commitment to reducing its carbon footprint and optimizing fuel consumption.

For flight operations, Air France and KLM are targeting a 20% reduction in CO₂ emissions by 2020 relative to their 2011 level (in g. CO₂/FTK).
Social, corporate citizenship and environmental information

The main lever in CO₂ emission reduction is fleet renewal since new aircraft are more fuel efficient. The average age of the Air France-KLM fleet is 10.7 years. Air France and KLM continued the modernization of their fleets in 2014.

In addition to fleet modernization, operational measures can also increase aircraft fuel efficiency. These cover four main areas:

- aircraft: reducing the mass loaded on board, reducing fuel consumption of engines and Auxiliary Power units, reducing drag, etc.;
- airspace: optimizing flight paths, reducing aircraft waiting times, optimizing altitude, etc;
- fuel carried on board: optimizing regulatory quantities of fuel, optimizing operational fuel;
- flight operations: optimizing flight procedures based on the recommendations of aircraft and engine manufacturers and equipment suppliers.

Within the framework of the fuel-saving program, Air France’s Jet-Fuel Plan aims to identify and implement all potential means of saving fuel while strictly respecting the imperative of flight safety. One hundred and fifty measures have already been pinpointed and more than thirty implemented. In 2014, the Jet-Fuel Plan extended the “eco-piloting” initiatives deployed in 2013 thanks to the actions of pilots. New initiatives having a material impact on fuel consumption have been launched with the pilots, mainly on the medium-haul aircraft, like taxiing on departure using a single engine and take-off with a reduced flap configuration. In parallel, in liaison with Ground Operations, the Jet-Fuel Plan continued to work on optimizing the amount of drinking water carried on board long-haul aircraft, and reducing the fuel consumption of the APUs, the auxiliary engines for aircraft used to generate electricity and air conditioning on the ground. New “eco-responsible” initiatives have been launched thanks to Air France’s commitment to the Green Taxiing project for the long-haul aircraft, following the project conducted on the medium-haul aircraft. In 2014, the entry into the fleet of two new Airbus A320s equipped with sharklets enabled a fuel reduction of between 2% and 4%. All these actions combined enabled a saving of around 40,000 tons on fuel consumption during 2014.

In 2014, within the framework of the Climate Action Plan, KLM saved 7,000 tons of fuel (relative to 2013) thanks to the deployment of operational measures like fleet renewal and weight reduction. Besides fuel savings, in 2014 KLM was the only airline to operate a series of long-haul flights partially powered with sustainable bio-kerosene.

Energy consumption and measures taken to improve energy efficiency and the use of renewables

Air France and KLM are targeting a 20% reduction in CO₂ emissions from their ground operations by 2020 relative to the 2011 level, by improving energy efficiency and increased use of renewable energy.

Since 1989, KLM has deployed a range of electricity-saving measures in the KLM buildings in the Netherlands, enabling an average 2% annual reduction in its energy consumption. In 2012, KLM signed a fourth multi-year energy efficiency agreement with the Dutch Ministry of Economic Affairs, aimed at optimizing the energy efficiency of its buildings, in which the company is committed to reducing its energy consumption by a further 2% annually through to 2020. Since 2013, 100% of the electricity in KLM’s offices has been green energy from hydropower.

In addition to the 2020 target, Air France has set itself a target for 2015 corresponding to a 2% annual reduction in energy consumption (in kWh/m²), notably thanks to the upgrading of equipment and the inclusion of this target in supplier contracts. This concerns both industrial buildings such as the cargo warehouses at Paris-Orly and tertiary buildings.

Soil use conditions

In view of its activity, the Air France-KLM Group has a limited impact on soil use conditions. Pursuant to the rules and regulations for new buildings, the Group carries out or commissions sub-soil sampling prior to any new construction at a site to verify its compliance with safety standards.

4.5.4 Contribution to adapting to and combating global warming

Greenhouse gas emissions

Climate Action Plan

Air France-KLM’s contribution to reducing its impact on climate change is based on the Climate Action Plan focusing on six main areas:

- pursuing fleet modernization and contributing to aeronautics research;
- mobilizing all the Group’s internal and external players around ambitious action plans enshrining eco-design principles;
- promoting the emergence of sustainable alternative biofuels for aviation and research into renewables;
- supporting NGO-led environmental programs;
Giving customers access to information on the CO₂ emissions linked to their journeys and offering them offsetting opportunities; supporting international efforts to reach a global climate agreement in which the aviation sector would make a just and equitable contribution.

**National and international commitments**

Since January 1, 2012, the EU-ETS directive establishing the European Community Emissions Trading Scheme has been extended to aviation. Air France-KLM has always supported the principle of a market-based mechanism, considering that it is more effective from an environmental standpoint than a simple tax, providing that it is equitable.

The EU-ETS, limited to the intra-European scope, must be seen as a first move towards a global system which will need to be defined by the ICAO (International Civil Aviation Organisation). Air France, KLM and the IATA airline members are all making an active contribution towards this end. Air France-KLM welcomed the key agreement between ICAO Member States aimed at developing, as of 2020, a system of market-based measures at global level for air transport emissions. Following this agreement, the European Union proposed an amendment to the EU-ETS. The Group is in favor of the application of the EU-ETS to intra-European flights, and advocates for greater stability in the European regulation relating to CO₂ emissions from aviation until 2020.

Air France and KLM actively participate in IATA initiatives aimed at proposing operational solutions enabling respect of the emission reduction commitment made by the aviation sector in 2009, namely:

- by 2020, a 1.5% annual improvement in energy efficiency (excluding economic measures);
- from 2020, stabilization and neutral growth in CO₂ emissions;
- by 2050, a 50% reduction in CO₂ emissions relative to their 2005 level.

In 2014, Air France signed the City of Paris Climate Protection Action Plan in which its signatories comprising large Paris-based companies committed, alongside the City of Paris, to reducing greenhouse gas emissions and combating global warming.

**Sustainable alternative biofuels**

Sustainable alternative biofuels constitute one of the most promising avenues to reducing CO₂ emissions from aviation. They are key to achieving Air France-KLM’s CO₂ emission reduction targets as well as those of the aviation industry as a whole.

Unlike other forms of transportation, the commercial aviation industry has no alternative to fossil fuels and, moreover, no alternative technologies are likely to emerge before 2050. To ensure the future of commercial aviation, Air France-KLM therefore considers the transition from fossil fuels to renewables to be a priority.

The Group’s strategy is to explore the entire value chain from research to commercialization.

**Stimulating the industry:** Air France is participating in a project to produce biofuel from forestry waste, spearheaded by the CEA (Commissariat à l’Énergie atomique et aux energies alternatives), France’s Atomic and Renewable Energy Commission. Air France and KLM both support the European Commission’s ITAKA initiative (Initiative Towards sustainable Kerosene for Aviation). This project will establish links between farmers, biofuel producers, distributors and users to break down the barriers to commercial rollout.

**Supporting regulatory incentives:** Air France and KLM are involved in the Biofuel Flightpath 2020 European initiative, which aims to produce two million tons of sustainable biofuels in Europe by 2020.

**Innovating in the supply chain:** In 2010, in cooperation with Argos and Spring Associates, KLM created the SkyNRG venture to develop a sustainable fuel supply from purchase to delivery. SkyNRG is now the world leader in bio-kerosenes, supplying more than 15 airline companies globally including Air France-KLM.

**Involving customers and partners:** To create a market for sustainable biofuels for aviation, Air France and KLM are collaborating with partners and customers. As part of its WWF-NL partnership and the Green Deal commitment, KLM has launched the BioFuel program, a first for aviation. At the end of 2014, within the framework of the Lab’Line for the Future project, Air France introduced weekly biofuel-powered flights on the Toulouse/Paris-Orly route. With the help of the 14 partners involved in this project, these flights will be operated for a twelve-month period.

**Offsetting emissions**

On their respective websites, Air France and KLM give their customers access to CO₂ emission calculators, with the opportunity to entirely neutralise their emissions should they so wish. The Group offers certified sustainable carbon reduction credits that guarantee a high-level of offsets.

Air France’s partnership with GoodPlanet finances carbon offsetting projects aimed at promoting renewables to replace non-renewable energies in Peru, Bolivia and India, and implementing waste recycling projects in Madagascar, Togo and Cameroon. These offsetting projects are systematically evaluated and registered for accreditation with the most exacting international labels, particularly the Gold Standard (GS) and the Voluntary Carbon Standard (VCS).
The Gold Standard CO₂ offsetting through KLM’s CO2ZERO program and the launch of the KLM BioFuel program for corporate customers enables KLM customers to take part in CO₂ emission saving and contribute, on a voluntary basis, to creating the market for sustainable bio-kerosene.

4.5.5 Protecting biodiversity

Measures to protect biodiversity by reducing deleterious impacts on the biological equilibrium, natural habitats and protected plant species

The impact of air transportation on biodiversity is linked to the effects of climate change induced by the CO₂ emissions it generates. The choice of products for inflight catering also has an impact on biodiversity.

Air France is taking part in a holistic forestry conservation project, launched in 2008 by Air France, the GoodPlanet Foundation, Etc Terra and the WWF. Covering 500,000 hectares of forestry in Madagascar, this program aims to reduce the current level of deforestation and the degradation of forestry, contribute to improving the living conditions of local populations and, in parallel, protect the country’s extraordinary biodiversity. The program also aims to advance scientific knowledge on carbon stored in forests.

The results of the first phase (2008-13) show that all the targets set in 2008 were achieved. The program has been extended to new partners (French Development Agency) and also involves the Madagascan authorities. Phase two (2013-17) aims to prolong and reinforce these results. It will put particular emphasis on practices which offer an alternative to deforestation, and perpetuate over the long term the support offered to the local communities.

For its part, KLM is supporting three nature preservation programs within the framework of its partnership with WWF-Netherlands: the Coral Triangle in Indonesia, the Bonaire Marine Park and the APRA program in the Amazon. The APRA program is supporting various Biodiversity programs across a vast tract of the Amazon region (around 15% of the surface area and 60 million hectares) to protect and enforce the recovery and conservation of its biodiversity (e.g. REDD+ programs, reforestation and ecosystem services).

The investment in these projects on advancing knowledge and conserving biodiversity also contributes to understanding the issues surrounding ecosystem services like sustainable biofuel production. Some research claims that certain types of sustainable alternative fuels can have a negative impact on biodiversity. The Air France-KLM Group is committed to guaranteeing the use of biofuels with the least impact on the food chain, biodiversity and local populations.
A commitment to responsible catering

Air France and KLM serve a total of 85 million meals every year and, given the quantity of food products required for their production, the Group’s choices can have an impact on biodiversity.

For their catering procurement, Air France and Servair prioritize local, seasonal products that are also responsible in that they guarantee animal rearing and food standards, are organic and contain no palm oil.

In line with KLM’s ambition to remain a front-runner in sustainable airline catering, the airline is striving to achieve 100% sustainable inflight catering products, with a first step of 100% sustainable catering out of Amsterdam in 2020 by:

✦ responsible product choices;
✦ reducing packaging materials;
✦ reducing the energy required for production and transportation;
✦ attention to animal welfare.

KLM’s sustainable catering policy focuses primarily on the preservation of biodiversity in production areas but also animal welfare. Emissions from transportation and packaging waste are also taken into account. This policy is developed within the framework of the partnership with WWF-Netherlands.

In view of their impact on biodiversity, particular attention is paid to fish, palm oil and soy. To this end, KLM is a member of the Responsible Soy (RTRS) and Sustainable Palm Oil (RSPO) Round Tables and offers certified products on board. Since 2009, KLM has targeted the introduction of at least 15 sustainable catering products on board each year. The company is in line with its objective of replacing products containing palm oil and non-responsible soya with sustainable products, 80% of the former products having been replaced in 2014.

A number of products that are labelled, local and respectful of animal well-being are served on board like MSC-certified fish, eggs and chicken. KLM reaffirmed its commitment to responsible catering through a long-term partnership with a Dutch beef producer which guarantees rearing conditions and uses no additional feed or growth supplements. Lastly, UTZ-certified coffee is served on all KLM flights and in its administrative offices.
4.6 Note on the methodology for the reporting of the environmental indicators

In 2005-06, under the aegis of the Air France-KLM Group’s Disclosure Committee, and validated by the college of Statutory Auditors, the Group’s environmental performance indicators were defined to comply with the requirements of the French New Economic Regulations law (Les Nouvelles Régulations Économiques, NRE, May 15, 2001) and the European regulation (EC 809/2004).

Since 2013, and in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, it has been the responsibility of our Independent Third-party Body to:

✦ attest that the required CSR Information appears in the management report and that the exclusion of any information is explained in accordance with paragraph 3 of Article R. 225-105 of the French Commercial Code (Attestation of completeness of CSR Information);
✦ express a limited assurance on the fact that the Information is presented fairly, in all material aspects, in accordance with the Guidelines (opinion on the fair presentation of CSR Information)(1).

Furthermore, the data relating to the “fuel consumption” and “CO₂ emissions” indicators linked to the air operations have been verified with the highest level of assurance, reasonable assurance (indicated by the symbols √) since 2007-08.

4.6.1. Scope covered and scope N-1

For the flight operations, the environmental consolidation scope covers:
✦ all the commercial flights under the AF code operated by Air France and its subsidiaries HOP!, and Transavia. CityJet was divested in 2014 and is no longer part of the Group;
✦ all the commercial flights under the KLM code operated by KLM and its subsidiaries KLM Cityhopper (KLC), Martinair and Transavia.

For the ground operations, the consolidation scope for the environmental reporting is identical to last year since CityJet had not been included, and covers nearly 100% of the sites in France and the Netherlands (some very small subsidiaries being excluded). The international outstations are not taken into account.
✦ The Air France consolidated subsidiaries are: HOP!, CRMA, Sodexi, BlueLink, Servair and its subsidiaries (only the activities in France) and Transavia France.

Furthermore, for Air France, the indicators in the domestic outstations are not reported when there is no detail available on the charges invoiced by airports. The contribution of the domestic outstations affected by this issue is, however, marginal compared with the reported data.
✦ The KLM consolidated subsidiaries are KLC (KLM Cityhopper), KES (KLM Equipment Services), KCS (KLM Catering Services), KHS (KLM Health Services), Transavia, Martinair and EPCOR (for a portion of the indicators).

4.6.2 Reporting tools

The environmental indicators are assembled at local level via two reporting tools: Osyris (Enablon software) for Air France and CaeSaR for KLM, which are available, respectively, in each Air France and KLM subsidiary.

The reliability of the reporting process is supported by definitions of each indicator and user guides for contributors available in both French and English. Consistency tests have also been implemented.

The consolidation of the Air France-KLM Group’s environmental data is carried out by the Air France Environment department.

4.6.3 Details and methodology, comments on variations

At Air France-KLM Group level, the regulatory requirements and the reporting and consolidation principles are outlined in a document entitled the Environment Instruction Memo, which is updated annually. The modalities for the assembly of the data and for the calculation and consolidation methodologies are defined in procedures which are specific to Air France and KLM, and which are harmonized whenever possible.

Within the framework of an approach based on continuous improvement, the methodologies used for some performance indicators are constantly being improved and, notably, the precision of their definitions. When these changes have a significant impact on the data, comparison with the figures for previous years is not meaningful.

When the data is not available, the figure reported for the year (N) is estimated based on the value reported for the previous year (N-1).

The reporting period for the Group’s environmental data is set at a rolling twelve months from October 1 N-1 until September 30 N.

(1) The review work was conducted in accordance with the International Standard for Assurance Engagements (ISAE 3000) specific to the verification of extra-financial data.
4.6.4 Flight operations

CO₂ emissions

The Air France Group’s CO₂ emissions were stable between 2013 and 2014, in line with activity.

Note that there are differences between the scope of the CO₂ emissions reported and those of the European Emissions Trading Scheme for greenhouse gas emission quotas (EU-ETS), so comparison is not meaningful.

SO₂ and SO₂ low altitude (LTO) emissions

Note: the “low altitude” and “LTO” for Landing-TakeOff cycle denominations are equivalent.

The calculation of the SO₂ emissions from flight operations is based on the average sulphur content of the fuel loaded, respectively, on the Amsterdam and Paris platforms which is applied, respectively, to all fuel used during the year by KLM and its subsidiaries, and by Air France and its subsidiaries.

For the Air France Group, the increase is due to the higher average sulfur content of the fuel used.

For the Air France Group, the 20% indicated increase is in fact lower. The values to three decimal places show emissions at 0.560 kt in 2014 versus 0.544 kt in 2013, i.e. a real increase of around 3%. Rounding to one decimal place mechanically generates a more substantial difference.

For the KLM Group, the variation of 0% due to rounding is in reality 15% (move from 276 t to 325 t) due the expansion in the scope of this indicator to Martinair and Transavia.

NOₓ and HC low altitude emissions (LTO)

The methodology used for the calculation of low altitude emissions, i.e. below 3,000 feet, is common to Air France and KLM. It is based on the LTO (Landing-TakeOff) cycle and on engine data communicated by the ICAO(1). The taxiing time taken into account is the actual taxiing time, which is more precise than standard values recommended by the ICAO methodology. Note that, since the actual taxiing time is not available for Transavia France, the standard ICAO values have been used for this subsidiary.

For Air France, using a more precise value, the low altitude HC emissions were, in fact, down by nearly 5%.

In-flight fuel jettison

An exceptional operation (less than one flight in 10,000 in 2014) involving the jettisoning of a quantity of fuel in flight to avoid an overloaded plane on landing whenever a flight is aborted. Each operation is effected in close coordination with air traffic control under strict conditions governing geographical location (avoiding urban zones) and altitude (generally at or above 2,000 meters).

Total noise energy

This indicator was established by the Air France-KLM Group to manage the evolution in the noise footprint of its activity. The total noise energy indicator is calculated according to the methodology defined by the DGAC(2). It applies to all flights with the AF or KLM Commercial Code operated, franchised and chartered, code share excepted.

Martinair and Transavia are excluded from the global noise energy indicator. The change in noise energy and traffic is determined by comparing total noise energy for the calendar year with the value for the year 2000.

4.6.5 Ground operations

Water consumption

The consumption of water is taken into account for all ground activities. Water used on board flights is not included. The decline in water consumption for KLM is explained by the transfer of a laundry service provider occupying KLM premises to another building in the airport. This consumption had been reported since 2012.

Consumption of other energies

The indicator includes the different sources of energy consumed:

- natural gas for heating buildings, aircraft painting workshops in Maintenance and cooking (the catering activity in particular). The conversion factor of the quantity of gas used as energy is calculated by taking into account the quality of gas specific to France and the Netherlands;
- superheated and iced water for climate comfort. For Air France, superheated and iced water is supplied by ADP (Aéroports de Paris) at the Orly and Roissy sites. The KLM facilities do not consume this type of energy;
- jet fuel A1 for testing engines;
- domestic Fuel Oil (DFO) for power generators;
- off-road diesel fuel for a portion of the Air France runway equipment;
- petrol and diesel fuel for Air France and Servair vehicles and Air France and KLM ground support equipment.

(1) International Civil Aviation Organization.
(2) Direction Générale de l'Aviation Civile.
The decrease seen between 2013 and 2014 for the Air France Group is mainly explained by the reduced consumption of gas and superheated water for heating.

For KLM, there was a reduction in natural gas consumption due to the milder winter and the exclusion of a building occupied by a laundry service provider. Since 2014, the offices of KLM Cargo, Transavia and Martinair have been included in the reporting.

Emissions from ground operations (CO₂, SO₂ and NOₓ)

CO₂, SO₂ and NOₓ emissions and their trends are linked to the energy consumption listed above.

For Air France, the NOₓ emissions related to engine testing are calculated based on a methodology similar to the one used for flight operations which reflects the actual testing conditions.

The emission factors used for the 2014 financial year are those in the ADEME V6 Methodology Guide, except for kerosene whose emissions are calculated based on the ICAO engine emissions databank.

The emissions from the ground operations for the 2015 reporting campaign will be based on the emission factors in the ADEME Carbon Database, http://bilans-ges.ademe.fr/

The decrease in NOₓ emissions is mainly due to the reduction in off-road diesel fuel used by runway equipment.

For KLM, the NOₓ emissions from vehicles and runway equipment are determined either from direct measurements from manufacturer data or from external databases.

VOC Emissions

VOC emissions are calculated based on the direct emissions of solvents contained in the products used. VOCs contained in disposed waste are excluded.

For the Air France Group, the decrease between 2013 and 2014 is mainly due to fewer aircraft being painted in 2014.

HC Emissions

Hydrocarbon (HC) emissions include the emissions from vehicles and ground support equipment, engine testing and aircraft fueling.

The increase between 2013 and 2014 is explained by the expansion in the reporting scope to the emissions from Servair trucks.

Hazardous industrial waste

When the quantity of hazardous waste has not been communicated by service providers at the end of the reporting campaign, the quantity mentioned in the specification slip is taken into account. This is, however, estimated to be marginal.

The reprocessing channels taken into account are those in the European regulation.

The reduction for the KLM Group is explained by the fact that a portion of KLC’s used water is no longer deemed to be Hazardous Industrial Waste by the local authorities.

Effluents

Both Air France and KLM entities are required to comply with the French and Dutch legislation on effluents. Each relevant site has regulatory limits on effluents and the frequency of measurement.

The reported data reflects the number of times a regulatory threshold is exceeded relative to the number of measurements for each type of effluent.

For 2014, the results, expressed in terms of the number of times regulatory limits are exceeded as a proportion of measurements, were, respectively:

- for Air France, 1/16 for Nitrogen compounds, 2/64 for Phosphorus compounds and 4/810 for metals;
- for KLM, there were no breaches of thresholds this year (52 measurements for Nitrogen and Phosphorus compounds and 280 for metals.

Note that the metals reported are Cr, Cd, Ni, Cu, Pb, Sn and Zn.
4.7 Environmental indicators

### 4.7.1 Air Operations

<table>
<thead>
<tr>
<th>Environmental indicators</th>
<th>Unit</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption of raw materials: fuel</td>
<td>ktonnes</td>
<td>8,956</td>
<td>8,755</td>
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<tr>
<td><strong>Emissions</strong></td>
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</tr>
<tr>
<td>Greenhouse gas emissions</td>
<td>CO₂</td>
<td>ktonnes</td>
<td>28,210</td>
<td>27,576</td>
<td>27,577</td>
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<tr>
<td>Emissions of substances contributing to acidification and eutrophication</td>
<td>NOx low altitude (&lt; 3,000 ft)</td>
<td>ktonnes</td>
<td>9.2</td>
<td>9.5</td>
<td>9.9</td>
</tr>
<tr>
<td></td>
<td>SO₂</td>
<td>ktonnes</td>
<td>9.9</td>
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<td>11.8</td>
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<tr>
<td></td>
<td>SO₂ low altitude (&lt; 3,000 feet)</td>
<td>ktonnes</td>
<td>0.7</td>
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<td>In-flight fuel jettison</td>
<td>Occurences of fuel jettison</td>
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<td>33</td>
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<td></td>
<td>Fuel jettisoned</td>
<td>tonnes</td>
<td>1,839</td>
<td>1,104</td>
<td>1,283</td>
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<tr>
<td>Other emissions</td>
<td>HC low altitude (&lt; 3,000 feet)</td>
<td>ktonnes</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
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<tr>
<td><strong>Noise impact</strong></td>
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</tr>
<tr>
<td>Global noise energy indicator</td>
<td>$10^{12}$ kJ</td>
<td>1.69</td>
<td>1.62</td>
<td>1.54</td>
<td>-4.9%</td>
</tr>
</tbody>
</table>

√ Figures verified by KPMG Audit, a department of KPMG S.A. for 2014 (reasonable level of assurance).

(1) Air France Group scope: all flights under AF code operated by Air France and Hop!, flights operated by Transavia France.

(2) KLM Group scope: all flights operated by KLM, KLM Cityhopper, Martinair and Transavia. Martinair and Transavia are excluded for the global noise energy indicator.
<table>
<thead>
<tr>
<th></th>
<th>Air France Group(1)</th>
<th>KLM Group(2)</th>
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<tbody>
<tr>
<td>2012</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>5,078</td>
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<td></td>
<td>15,997</td>
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<td></td>
<td>1,210</td>
<td>758</td>
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<td>0.6</td>
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<td></td>
<td>1.16</td>
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## 4.7.2 Ground Operations

<table>
<thead>
<tr>
<th>Environmental indicators</th>
<th>Unit</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
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<tbody>
<tr>
<td><strong>Consumption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water consumption</td>
<td>m³</td>
<td>812</td>
<td>825</td>
<td>793</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>MWh</td>
<td>392,223</td>
<td>383,605</td>
<td>374,064</td>
<td>-2.5%</td>
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<tr>
<td>Consumption of other energies</td>
<td>MWh</td>
<td>513,562</td>
<td>534,375</td>
<td>451,626</td>
<td>-15.5%</td>
</tr>
<tr>
<td><strong>Emissions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions</td>
<td>CO₂</td>
<td>85,680</td>
<td>88,885</td>
<td>78,842</td>
<td>-11.3%</td>
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<tr>
<td>Emissions of volatile organic compounds (VOC)</td>
<td>tonnes</td>
<td>146</td>
<td>135</td>
<td>107</td>
<td>-20.7%</td>
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<td>Emissions of HC</td>
<td>tonnes</td>
<td>145</td>
<td>137</td>
<td>158</td>
<td>15.3%</td>
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<tr>
<td>Emissions of substances contributing to acidification and eutrophication</td>
<td>NOₓ</td>
<td>tonnes</td>
<td>773</td>
<td>675</td>
<td>638</td>
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<tr>
<td></td>
<td>SO₂</td>
<td>16.1</td>
<td>15.8</td>
<td>14.5</td>
<td>-8.2%</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste production</td>
<td>tonnes</td>
<td>57,060</td>
<td>54,966</td>
<td>57,895</td>
<td>5.3%</td>
</tr>
<tr>
<td>Quantity of hazardous industrial waste</td>
<td>tonnes</td>
<td>7,009</td>
<td>7,073</td>
<td>5,808</td>
<td>-17.9%</td>
</tr>
<tr>
<td>% of hazardous industrial waste recovered</td>
<td>%</td>
<td>58%</td>
<td>61%</td>
<td>51%</td>
<td>-10pts</td>
</tr>
<tr>
<td><strong>Effluents</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance rate of effluents with regulatory limits</td>
<td>Nitrogen compounds</td>
<td>%</td>
<td>100%</td>
<td>98%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Phosphorus compounds</td>
<td>%</td>
<td>99%</td>
<td>97%</td>
<td>98%</td>
</tr>
<tr>
<td></td>
<td>Metals (3)</td>
<td>%</td>
<td>98%</td>
<td>99%</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) Air France and subsidiaries: HOP!, Servair and its subsidiaries (France only), Sodexi, CRMA, BlueLink and Transavia France.
(2) KLM and its subsidiaries: KLM Cityhopper (KLC), KLM Equipment Services (KES), KLM Catering Services (KCS), KLM Health Services (KHS), Martinair and Transavia. EPCOR is included for waste in 2014.
(3) Cr, Cd, Ni, Cu, Pb, Sn and Zn.
## Social, Corporate Citizenship and Environmental Information

### Environmental Indicators

<table>
<thead>
<tr>
<th></th>
<th>Air France Group&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>KLM Group&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012  2013  2014  14/13</td>
<td>2012  2013  2014  14/13</td>
</tr>
<tr>
<td><strong>Air France Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Air France Group</strong></td>
<td>624  640  641  0.2%</td>
<td>188  185  152  -17.8%</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>293,406 288,218 279,945  -2.9%</td>
<td>98,817 95,387 94,119  -1.3%</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>295,757 304,890 260,891  -14.4%</td>
<td>217,805 229,485 190,735  -16.9%</td>
</tr>
<tr>
<td><strong>Air France Group</strong></td>
<td>36,841 37,782 36,704  -2.9%</td>
<td>48,839 51,103 42,138  -17.5%</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>102  87  55  -36.8%</td>
<td>44  48  52  8.3%</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>86  76  100  31.6%</td>
<td>59  61  58  -4.9%</td>
</tr>
<tr>
<td><strong>Air France Group</strong></td>
<td>508  409  387  -5.4%</td>
<td>265  266  251  -5.6%</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>12.9  11.4  11.1  -2.6%</td>
<td>3.2  4.4  3.4  -22.7%</td>
</tr>
<tr>
<td><strong>Air France Group</strong></td>
<td>40,236 38,185 40,269  5.4%</td>
<td>16,824 16,781 17,626  5.0%</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>4,474 4,420 4,280  -3.2%</td>
<td>2,535 2,653 1,528  -42.4%</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>43% 44% 43%  -1pt</td>
<td>85% 89% 75%  -14pts</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>100% 90% 94%  +4pts</td>
<td>100% 100% 100%  0pt</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>98% 93% 97%  +4pts</td>
<td>100% 100% 100%  0pt</td>
</tr>
<tr>
<td><strong>KLM Group</strong></td>
<td>98% 99% 100%  +1pt</td>
<td>100% 100% 100%  0pt</td>
</tr>
</tbody>
</table>
4.8 Table of concordance for the social, corporate citizenship and environmental information

This table of concordance uses the sections required by Decree n°. 2012-557 of April 2012 relating to companies’ social and environmental transparency obligations, and provides the page numbers in this document where the information relating to each of these sections can be found.

<table>
<thead>
<tr>
<th>Section Grenelle II – April 24 2012 decree</th>
<th>GRI4 Indicators</th>
<th>Advanced level Global Compact criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall principles</strong></td>
<td></td>
<td></td>
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<tr>
<td>4.4 Data comparability</td>
<td>G4-22; 23</td>
<td></td>
</tr>
<tr>
<td>4.5.3 Reference to international reporting standards</td>
<td>G4-32</td>
<td></td>
</tr>
<tr>
<td>4.8 Attestation</td>
<td>G4-33</td>
<td>Criteria 1 and 2</td>
</tr>
<tr>
<td><strong>Social information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 Total headcount and distribution of employees</td>
<td>G4-9; 10; LA1; LA12</td>
<td></td>
</tr>
<tr>
<td>4.3.1 Recruitment and redundancies</td>
<td>LA1; EC6</td>
<td>Criteria 3 to 8</td>
</tr>
<tr>
<td>1.1.5 Remuneration and changes in remuneration</td>
<td>G4-51; 52; EC1</td>
<td></td>
</tr>
<tr>
<td><strong>Work organization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1.1 Work time organization</td>
<td>LA</td>
<td>Criteria 3 to 8</td>
</tr>
<tr>
<td>4.3.2 Absenteeism</td>
<td>LA6</td>
<td></td>
</tr>
<tr>
<td><strong>Labor relations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1.1 Organization of social dialogue</td>
<td>LA4</td>
<td>Criteria 3 to 8</td>
</tr>
<tr>
<td>4.3.2 Summary of collective agreements</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Health and safety</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1.3 Occupational health and safety conditions</td>
<td>LA5 to LA8</td>
<td>Criteria 3 to 8</td>
</tr>
<tr>
<td>4.3.2 Summary of collective agreements regarding health and safety</td>
<td>LA8</td>
<td></td>
</tr>
<tr>
<td>4.1.3 Occupational accidents and diseases</td>
<td>LA6; LA7</td>
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</tr>
<tr>
<td><strong>Training</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1.2 Policy on training</td>
<td>LA10</td>
<td>Criteria 3 to 8</td>
</tr>
<tr>
<td>4.3.2 Total number of training hours</td>
<td>LA9</td>
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### Table of concordance for the social, corporate citizenship and environmental information

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<tbody>
<tr>
<td><strong>Equal opportunities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1.4</td>
<td>♦ Measures implemented to promote gender equality</td>
<td>LA12</td>
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</tr>
<tr>
<td>4.3.2</td>
<td></td>
<td></td>
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<tr>
<td>4.1.4</td>
<td>♦ Measures implemented to promote the employment and integration of disabled people</td>
<td>LA12</td>
<td></td>
</tr>
<tr>
<td>4.1.4</td>
<td>♦ Policy against discrimination</td>
<td>LA12; HR3</td>
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<tr>
<td><strong>Promotion and compliance with ILO fundamental conventions</strong></td>
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<tr>
<td>4.1.4</td>
<td>♦ Freedom of association and recognition of the right to collective bargaining</td>
<td>LA4; HR4</td>
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<tr>
<td>4.3.2</td>
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<td></td>
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<tr>
<td>4.1.4</td>
<td>♦ Elimination of discrimination in respect of employment</td>
<td>HR3</td>
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<tr>
<td>4.1.4</td>
<td>♦ Elimination of all forms of forced labor</td>
<td>HR6</td>
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<tr>
<td>4.1.4</td>
<td>♦ Abolition of child labor</td>
<td>HR5</td>
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</tr>
<tr>
<td><strong>Environmental information</strong></td>
<td></td>
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<tr>
<td>4.5.1</td>
<td>♦ Organization of the company to integrate environmental issues</td>
<td></td>
<td>Criteria 9 to 11</td>
</tr>
<tr>
<td>4.5.1</td>
<td>♦ Information and training measures for employees regarding environmental protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.5.1</td>
<td>♦ Resources allocated to preventing environmental risks and pollution</td>
<td>EN31</td>
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</tr>
<tr>
<td>4.5.1</td>
<td>♦ Environmental risk provisions and guaranties</td>
<td></td>
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<tr>
<td><strong>Pollution and waste management</strong></td>
<td></td>
<td></td>
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<tr>
<td>4.5.2</td>
<td>♦ Measures to prevent, reduce or repair discharges into the atmosphere, water and soil, severely impacting the environment</td>
<td>EN20, EN21, EN22, EN24</td>
<td></td>
</tr>
<tr>
<td>4.7.1</td>
<td>♦ Measures regarding waste prevention, recycling and disposal</td>
<td>EN23, EN25</td>
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<tr>
<td>4.7.2</td>
<td>♦ Provision for noise and of any other pollution specific to the activity</td>
<td></td>
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<tr>
<td><strong>Sustainable use of resources</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4.5.3</td>
<td>♦ Water consumption and water supply adapted to local constraints</td>
<td>EN8; EN9</td>
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</tr>
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<td>4.7.2</td>
<td></td>
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<tr>
<td>4.5.3</td>
<td>♦ Consumption of raw materials and measures implemented to improve energy efficiency and renewable energy use</td>
<td>EN1; EN27</td>
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<td>4.7.1</td>
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<tr>
<td>4.5.3</td>
<td>♦ Energy consumption and measures implemented to improve energy efficiency and renewable energy use</td>
<td>EN3; EN6; EN7</td>
<td></td>
</tr>
<tr>
<td>4.5.3</td>
<td>♦ Land usage</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Climate change</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4.5.4</td>
<td>♦ Greenhouse gas emissions</td>
<td>EN15 to EN19</td>
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</tr>
<tr>
<td>4.7.1</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4.5.4</td>
<td>♦ Adaptation to consequences of climate change</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Biodiversity protection</strong></td>
<td></td>
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<tr>
<td>4.5.5</td>
<td>♦ Measures implemented to protect and conserve the biodiversity</td>
<td>EN12</td>
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</table>
# Social, corporate citizenship and environmental information

Table of concordance for the social, corporate citizenship and environmental information

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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Corporate citizenship information</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Territorial, economic and social impact of the company’s activity</strong></td>
<td></td>
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<tr>
<td>4.4.4</td>
<td>♦ Regional employment and development&lt;br&gt;♦ On local populations</td>
<td>EC8; EC9; SO1</td>
<td>Criteria 16 to 18&lt;br&gt;and 21</td>
</tr>
<tr>
<td></td>
<td>♦ On local populations</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Relations with stakeholders</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.4.1</td>
<td>♦ Dialogue with stakeholders</td>
<td>G4-24 to 27; G4-37</td>
<td>Criteria 2 and 16 to 18</td>
</tr>
<tr>
<td>4.4.4</td>
<td>6.3.5</td>
<td></td>
<td></td>
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<tr>
<td>4.4.1</td>
<td>♦ Partnership and sponsorship initiatives</td>
<td>EC1; EC7</td>
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<td>4.4.4</td>
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<td></td>
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<tr>
<td><strong>Subcontractors and suppliers</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4.4.5</td>
<td>♦ Integration of social and environmental issues into the company procurement policy</td>
<td>EC9; EN33; G4-LA14; HR4; HR7; HR9</td>
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</tr>
<tr>
<td>4.4.5</td>
<td>♦ Importance of subcontracting and consideration of social and environmental responsibility in the relationships with subcontractors and suppliers</td>
<td>EC9; EN32; EN33; LA14; HR4; HR7; HR9; SO9</td>
<td>Criteria 2 to 11</td>
</tr>
<tr>
<td><strong>Fair business practices</strong></td>
<td></td>
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</tr>
<tr>
<td>4.4.2</td>
<td>♦ Actions to prevent corruption</td>
<td>G4-56 to 58; SO4</td>
<td>Criteria 12 to 14</td>
</tr>
<tr>
<td>4.4.2</td>
<td>♦ Measures implemented to promote consumer health and safety</td>
<td>EN27; PR1</td>
<td></td>
</tr>
<tr>
<td>4.4.2</td>
<td>♦ Other actions to protect Human Rights</td>
<td>G4-HR</td>
<td>Criteria 3 to 5</td>
</tr>
</tbody>
</table>
This is a free translation into English of the Statutory Auditor’s report issued in French and it is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2014

To the Shareholders,

In our capacity as Statutory Auditor of Air France-KLM S.A., appointed as Independent Third Party, accredited by the COFRAC registered under number 3-1049(1), we hereby present to you our report on the consolidated environmental, labour and social information (hereinafter the “CSR Information”) for the year ended December 31st, 2014, presented in the management report. This report has been prepared in accordance with Article L. 225-102-1 of the French Commercial Code.

Responsibility of the company

The Board is responsible for preparing the company’s management report including CSR Information in accordance with the provisions of Article R. 225-105-1 of the French Commercial Code and with the guidelines used by the company (hereinafter the “Guidelines”), summarized in the management report and available on request from the company’s head office.

Independence and quality control

Our independence is defined by regulations, the French Code of Ethics governing the audit profession and the provisions of Article L. 822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable law and regulations.

Responsibility of the Statutory Auditor

On the basis of our work, it is our responsibility to:

- attest that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Statement of completeness of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines (opinion on the fair presentation of the CSR Information);
- express, at the Group’s request, a reasonable assurance on the fact that the indicators ‘Fuel consumption’ and ‘CO₂ emissions’ relating to air operations, identified by the symbol √ were free from material misstatement.

Our work was performed by a team of seven people between October 2014 and February 2015 and took around twelve weeks. We were assisted by our specialists in corporate social responsibility.

We performed the procedures below in accordance with professional auditing standards applicable in France, with the decree dated May 13, 2013 determining the manner in which the independent third party should carry out his work, and with ISAE 3000(2) concerning our opinion on the fair presentation of CSR Information.

Statement of completeness of CSR Information

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the company’s sustainable development strategy with respect to the social and environmental impact of its activities and its social commitments and, where applicable, any initiatives or programmes it has implemented as a result.

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code. For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the consolidation scope, i.e. the company, its subsidiaries as defined by Article L. 233-1 and the entities it controls as defined by Article L. 233-3 of the French Commercial Code, within the limitations described in the chapter 4 “Social, corporate citizenship and environmental information” of the management report, especially the explanations given to justify that the reporting scope of the number of training hours covers only 65% of the total workforce.

(1) Details available on www.cofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.
Based on these procedures and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

Reasoned opinion on the fairness of the CSR Information

Nature and scope of the work

We conducted about five interviews with the people responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, with those responsible for internal control and risk management procedures, in order to:

✦ assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and understandability, taking into account best practice, where appropriate;
✦ verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the company, the social and environmental impact of its activities, its sustainable development strategy and best practice.

With regard to the CSR Information that we considered to be the most important (listed in the tables below):

✦ at parent entity level and subsidiaries and controlled entities level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the data was consistent by cross-checking it with other information in the management report;
✦ at the entity level for a representative sample of entities selected(1) on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly and to identify any undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents 83% of headcount, between 31% and 100% of quantitative environmental information.

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