

## 2.5 COMPENSATION OF THE COMPANY OFFICERS

### 2.5.1 General principles

Pursuant to the provisions of Article L. 22-10-8 of the French Code of Commerce (*Code de Commerce*), the compensation of Air France-KLM's company officers is set by the Board of Directors, as recommended by the Remuneration Committee, pursuant to the provisions of the AFEP-MEDEF Code. The company's Board of Directors thus establishes a compensation policy which complies with the company's corporate interest (*intérêt social*), linked to its commercial strategy, and which contributes to its long-term sustainability. It outlines all the components of the fixed and variable compensation for the company officers and explains the decision-making process followed for its establishment, revision and implementation. This compensation policy is the subject of a proposed resolution submitted for approval by the Shareholders' Meeting, under the conditions provided for in Article L. 22-10-32 of the *Code de Commerce*, on an annual basis and on any significant amendment to the compensation policy.

Pursuant to the provisions of Articles L. 22-10-9 and L. 22-10-34 of the *Code de Commerce*, the Shareholders' Meeting must also approve on an annual basis, firstly, the information referred to in Article L. 22-10-9, including notably the total compensation and benefits of any kind paid in respect of the mandate during the previous financial year or granted in respect of the mandate for the same financial year to all company officers and, secondly, on the total compensation and benefits in kind paid during the previous financial year or granted for the same financial year to each executive officer.

The Shareholders' Meeting of May 26, 2021 is thus convened to approve:

- the information relating to the compensation for each of the company officers, pursuant to Articles L. 22-10-9 and L. 22-10-34 of the *Code de Commerce*. This information is presented hereinafter in section 2.5.2 "Compensation of the company officers in 2020";
- the fixed and variable elements composing the total compensation and benefits of any kind paid during the 2020 financial year or granted in respect of this financial year to Ms. Anne-Marie Couderc, Chair of the Board of Directors and

to Mr. Benjamin Smith, Chief Executive Officer, pursuant to Article L. 22-10-34 of the *Code de Commerce*. This information is presented hereinafter in section 2.5.2.2 "Elements of compensation paid during the 2020 financial year or granted to the executive officers in respect of this financial year and submitted for approval by the Shareholders' Meeting of May 26, 2021"; and

- the compensation policy for the company officers in respect of 2021, i.e. the members of the Board of Directors, the Chair of the Board of Directors and the Chief Executive Officer of the company, as established by the Board of Directors, pursuant to Article L. 22-10-8 of the *Code de Commerce*. This policy is set forth hereinafter in section 2.5.3 "Compensation policy for the company officers in respect of 2021".

It is specified that, pursuant to the provisions of Article L. 22-10-8 of the *Code de Commerce*, to avoid becoming null and void, no element of compensation, of any kind whatsoever, may be established, granted or paid by the Company, nor any commitment made corresponding to elements of compensation, indemnities or benefits due or potentially due on taking up, stepping down or by reason of a change in their duties or following their exercise, unless it complies with the approved compensation policy or, in its absence, with past compensation or practices.

Furthermore, if the Shareholders' Meeting of May 26, 2021 does not approve the proposed resolution referred to in Article L. 22-10-34, I of the *Code de Commerce*, the Board of Directors must submit a revised compensation policy, taking into account the shareholders' vote, for approval by the next Shareholders' Meeting. In such a situation, the payment of the sum allocated to the Board Directors for the 2021 financial year would be suspended until approval of the revised compensation policy.

Lastly, the elements of variable or extraordinary compensation granted to the Chair of the Board of Directors and the Chief Executive Officer in respect of the 2020 financial year may only be paid after approval, by the Shareholders' Meeting of May 26, 2021, of the elements of compensation for the relevant individual under the conditions provided for in the first paragraph of Article L. 22-10-34, II of the *Code de Commerce*.

### 2.5.2 Compensation of the company officers in 2020

The information referred to in Article L. 22-10-9 of the *Code de Commerce* and the elements of compensation and benefits of any kind paid during the 2020 financial year or granted in respect of this financial year to the different company officers of Air France-KLM, to be submitted for approval by shareholders during the Shareholders' Meeting of May 26, 2021, pursuant to Article L. 22-10-34 of the *Code de Commerce*, are detailed hereinafter and concern:

- the Company's Board directors (section 2.5.2.1);
- the Chair of the Company's Board of Directors, Ms. Anne-Marie Couderc (section 2.5.2.2 a.); and
- the Company's Chief Executive Officer, Mr. Benjamin Smith (section 2.5.2.2 b.).

### 2.5.2.1 Elements of compensation paid during the 2020 financial year or granted to the Board directors in respect of this financial year and submitted for approval by the Shareholders' Meeting of May 26, 2021

The elements of compensation paid during the 2020 financial year or granted in respect of this financial year to the Board directors of Air France-KLM are in accordance with the compensation policy set by the Board of Directors following consultation with the Remuneration Committee, and approved by the Shareholders'

Meeting of May 26, 2020. These elements of compensation, which will be submitted for approval by shareholders at the Shareholders' Meeting of May 26, 2021 pursuant to Article L. 22-10-34 of the *Code de Commerce*, are detailed hereinafter.

It is specified that, on April 3, 2020, the members of the Air France-KLM Board of Directors decided to reduce by 25% their compensation paid in 2020 *pro rata temporis* for the periods of partial activity applied to all the employees of Air France and Air France-KLM SA, i.e. from April 1 until December 31, 2020.

	Attendance rate at Board and Committee meetings and at the Shareholders' Meeting (2020 financial year) <sup>(1)</sup>	Amounts granted in respect of the 2020 financial year and paid during this financial year or accounting value (in €)	Amounts granted in respect of the 2019 financial year and paid during this financial year or accounting value (in €)
<b>Members of the Board of Directors in function as of the date of this Universal Registration Document</b>			
Anne-Marie Couderc	100%	N/A	N/A
Benjamin Smith <sup>(2)</sup>	100%	N/A	N/A
Maryse Aulagnon	84%	43,943	55,214
Karim Belabbas <sup>(3)</sup>	100%	36,103	43,214
Léni M.T. Boeren	97%	46,317	57,214
Isabelle Bouillot	97%	43,966	49,929
Mathi Bouts <sup>(4)</sup>	100%	41,765	50,500
Jean-Dominique Comolli	97%	40,665	50,000
George Mattson (Permanent representative of Delta Air Lines Inc.)	84%	46,624	55,214
Paul Farges <sup>(3)</sup>	95%	38,121	48,000
Anne-Marie Idrac	100%	37,978	45,000
Isabelle Parize	91%	45,516	57,214
Alexander R. Wynaendts	100%	42,077	46,643
François Robardet <sup>(3)</sup>	100%	42,889	53,000
Astrid Panosyan <sup>(5)</sup>	83%	36,103	12,500
Cees 't Hart <sup>(5)</sup>	100%	38,105	21,286
Dirk Jan van den Berg <sup>(6)</sup>	100%	16,917	N/A
Martin Vial	95%	37,990	15,886
Jian Wang	96%	40,743	14,857

### Former members of the Board of Directors during the 2019 and 2020 financial years no longer acting in the capacity of Board director as of the date of this Universal Registration Document

Jaap de Hoop Scheffer <sup>(7)</sup>	100%	30,401	21,286
Solenne Lepage <sup>(8)</sup>	N/A	N/A	14,100
Patrick Vieu <sup>(9)</sup>	N/A	N/A	25,643
Hans Smits <sup>(9)</sup>	N/A	N/A	23,414
Bing Tang <sup>(10)</sup>	N/A	N/A	39,786
<b>Total</b>		<b>706,133</b>	<b>826,417</b>

(1) On April 3, 2020, the members of the Air France-KLM Board of Directors decided to reduce by 25% their compensation paid in respect of the 2020 financial year, *pro rata temporis* for the periods of partial activity applied to all the employees of Air France and Air France-KLM SA, i.e. from April 1 to December 31, 2020.

(2) Mr. Benjamin Smith, Chief Executive Officer of Air France-KLM, was appointed as a Board director on December 5, 2018. He does not receive any compensation in respect of his Board director duties.

(3) The Board directors representing the employee shareholders and the Board director representing the French employees appointed by the *Comité de Groupe Français* receive compensation in respect of their employment contracts with Air France, unrelated to their corporate mandates within Air France-KLM. Furthermore, their compensation relating to their Board director mandates is paid to their unions.

(4) Mr. Mathi Bouts receives compensation in respect of his employment contract with KLM, unrelated to his corporate mandate within Air France-KLM.

(5) Board director since May 28, 2019.

(6) Board director appointed as proposed by the Dutch State since May 26, 2020.

(7) Board director appointed as proposed by the Dutch State until May 26, 2020.

(8) Board director until April 1, 2019.

(9) Board director until May 28, 2019.

(10) Board director until July 30, 2019.

In respect of the 2020 financial year, the Board directors were granted and paid a total compensation of €706,133, including the 25% reduction in their compensation *pro rata temporis* for the periods of partial activity applied to all the employees of Air France and Air France-KLM SA, i.e. from April 1 until December 31, 2020, following the decision taken by the Board directors (within the framework of the €950,000 annual budget voted by the Shareholders' Meeting of May 15, 2018).

Following the Board of Directors decision of December 11, 2019, the compensation for Board directors is composed of fixed and variable portions, linked to the attendance rate of the Board directors, whose allocation and granting modalities are set by the Board of Directors, as proposed by the Remuneration Committee. An additional amount of compensation is also granted to non-resident Board directors. The information on the number of meetings of the Board of Directors and its advisory Committees held during the 2020 financial year and the attendance rate of each Board director at the aforementioned meetings is set forth in section 2.3.

The allocation rules, unchanged since the Board of Directors' resolution of February 19, 2014, are set forth in section 2.5.3.1.

It is specified that, during its meeting of December 11, 2019, the Board of Directors decided to introduce a variable element of compensation based on their attendance record, granted to the Board directors in respect of their duties within the Committees:

**Audit Committee:**

- the Chair receives a fixed portion of €4,500 and a variable portion of €7,500 based on attendance at Committee meetings; and
- the members receive a fixed portion of €3,000 and a variable portion of €5,000 based on attendance at Committee meetings.

**Other Committees:**

- the Chair receives a fixed portion of €3,000 and a variable portion of €4,500 based on attendance at Committee meetings; and
- the members receive a fixed portion of €2,000 and a variable portion of €3,000 based on attendance at Committee meetings.

**2.5.2.2 Elements of compensation paid during the 2020 financial year or granted to the executive officers in respect of this financial year and submitted for approval by the Shareholders' Meeting of May 26, 2021**

**a) Compensation of Ms. Anne-Marie Couderc, Chair of the Board of Directors, for the period from January 1 to December 31, 2020**

***Presentation of the 2020 compensation structure for Ms. Couderc, Chair of the Board of Directors***

Pursuant to the Board of Directors' resolutions of February 19, 2020, the compensation of the Chair of the Board of Directors comprised a fixed portion of €220,000. This annual gross fixed compensation was increased by 10% compared to 2019. However, note that, on March 19, 2020, the Chair informed the Board of Directors that she intended to waive the application, during the 2020 financial year, of her new annual fixed compensation set by the Board of Directors during its meeting of February 19, 2020. Her annual gross fixed compensation was thus €200,000 in respect of her duties for 2020.

There were no Board directors' fees nor variable compensation in addition to this compensation.

The 2020 compensation policy for the Chair of the Board of Directors was approved by the Shareholders' Meeting of May 26, 2020.

For more details on the compensation policy for the Chair in respect of the 2020 financial year, see section 2.5.2.2 of the 2019 Universal Registration Document.

***Elements of compensation paid during or granted in respect of the 2020 financial year***

The elements of compensation paid during the 2020 financial year or granted in respect of this financial year to Ms. Anne-Marie Couderc, Chair of the Board of Directors, for the period from January 1 to December 31, 2020, comply with the compensation policy set by the Board of Directors following consultation with the Remuneration Committee, and approved by the Shareholders' Meeting of May 26, 2020. These elements of compensation, which will be submitted for approval by shareholders during the Shareholders' Meeting of May 26, 2021 pursuant to Article L. 22-10-34 of the *Code de Commerce*, are detailed as follows:

Elements of compensation submitted for approval	Amounts paid during the 2020 financial year	Amounts granted in respect of the 2020 financial year	Presentation
Fixed compensation	€174,851	€174,851	<p>In her capacity as Chair of the Board of Directors, Ms. Anne-Marie Couderc's annual gross fixed compensation in respect of the 2020 financial year was set at €220,000 by the Board of Directors during its meeting of February 19, 2020.</p> <p>This annual gross fixed compensation increased by 10% compared to 2019.</p> <p>However, note that, on March 19, 2020, the Chair informed the Board of the following decisions:</p> <ul style="list-style-type: none"> <li>— for the 2020 financial year, the Chair waived the application of her new fixed annual compensation set by the Board of Directors during its meeting of February 19, 2020. Thus, her annual gross fixed compensation was €200,000 in respect of her functions for 2020;</li> <li>— the Chair submitted her annual fixed compensation paid in 2020 to the same modalities as those applied to all Air France and Air France-KLM SA employees (notably to reduce its payment <i>pro rata temporis</i> for the periods of partial activity applied to all the employees).</li> </ul> <p>As a result, the fixed compensation granted in respect of the 2020 financial year and paid to the Chair during this financial year was €174,851.</p>
Annual variable compensation	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from any annual variable compensation.
Multi-year variable compensation	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from any multi-year variable compensation.
Extraordinary compensation	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from any extraordinary compensation.
Stock options, performance shares or other long-term benefit (equity warrants, etc.)	N/A	N/A	No awards of this type were made during the 2020 financial year. Ms. Anne-Marie Couderc does not benefit from any elements of long-term compensation.
Compensation in respect of a Board director mandate	N/A	N/A	Ms. Anne-Marie Couderc does not receive any compensation in respect of her Board director mandate.
Benefits of any kind	€15,984	€15,984	Ms. Anne-Marie Couderc benefits from a chauffeur-driven company car.
Severance payment	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from a severance payment.
Non-compete indemnity	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from a non-compete indemnity.
Supplementary pension scheme	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from a supplementary pension scheme.

**b) Compensation of Mr. Benjamin Smith, Chief Executive Officer, for the period from January 1 to December 31, 2020**

**Presentation of the 2020 compensation structure for Mr. Benjamin Smith, Chief Executive Officer**

As proposed by the Remuneration Committee, the framework of the compensation policy for the Chief Executive Officer was set by the Board of Directors during its meeting of August 16, 2018. The 2020 compensation policy for the Chief Executive Officer, set pursuant to the decisions of the Board of Directors at its meetings of February 19, March 19 and April 3, 2020, is composed of the following three elements:

- 1) a fixed compensation;
- 2) an annual variable compensation related to the performance during the previous financial year; and
- 3) a variable long-term compensation.

The 2020 compensation policy for the Chief Executive Officer was approved by the Shareholders' Meeting of May 26, 2020.

For more details on the compensation policy for the Chief Executive Officer in respect of the 2020 financial year, taking into account the exceptional context related to the Covid-19 public health crisis, see section 2.5.2.2 of the 2019 Universal Registration Document.

**Elements of compensation paid during or granted in respect of the 2020 financial year**

The elements of compensation paid during the 2020 financial year or granted in respect of this financial year to Mr. Benjamin Smith, Chief Executive Officer, for the period from January 1 to December 31, 2020, comply with the compensation policy set by the Board of Directors following consultation with the Remuneration Committee, and approved by the Shareholders' Meeting of May 26, 2020. These elements of compensation, which will be submitted for approval by shareholders during the Shareholders' Meeting of May 26, 2021 pursuant to Article L. 22-10-34 of the *Code de Commerce*, are detailed as follows:

Elements of compensation submitted to approval	Amounts paid during the 2020 financial year	Amounts granted in respect of the 2020 financial year	Presentation
Fixed compensation	€744,511	€744,511	<p>In his capacity as Chief Executive Officer, Mr. Benjamin Smith's annual gross fixed compensation was set at €900,000 by the Board of Directors during its meeting of February 19, 2020.</p> <p>This annual gross fixed compensation has been unchanged since 2019.</p> <p>However, it is specified that, on March 19, 2020 the Chief Executive Officer informed the Board of Directors of his decision to submit his fixed compensation, paid during 2020, to the same modalities as those applied to all Air France and Air France – KLM SA employees (notably to reduce its payment <i>pro rata temporis</i> for the periods of partial activity applied to all the employees). In practice, his annual fixed compensation was reduced by 25% between March 23 and December 31, 2020.</p> <p>As a result, the fixed compensation granted to the Chief Executive Officer in respect of the 2020 financial year and paid during the 2020 financial year was €744,511.</p> <p>The ratio between the fixed and variable compensation granted to Mr. Benjamin Smith in respect of the 2020 financial year, as required pursuant to the provisions of Article L. 22-10-9, I, paragraph 2 of the <i>Code de Commerce</i> is 269%.</p>

Elements of compensation submitted to approval	Amounts paid during the 2020 financial year	Amounts granted in respect of the 2020 financial year	Presentation
Annual variable compensation	€768,456	€0	<p data-bbox="822 348 1202 370"><b>In respect of the 2019 financial year</b></p> <p data-bbox="822 395 1466 623">Note that, as recommended by the Remuneration Committee, in his capacity as Chief Executive Officer for 2019, Mr. Smith's annual gross variable compensation was set at €768,456 by the Board of Directors during its meeting of February 19, 2020. Following approval by the Shareholders' Meeting of May 26, 2020 (thirteenth resolution), this annual gross variable compensation was paid during the 2020 financial year in respect of the 2019 financial year.</p> <p data-bbox="822 644 1466 757">The details concerning Mr. Benjamin Smith's annual variable compensation in respect of 2019 in his capacity as Chief Executive Officer are outlined in section 2.5.2.2 b. of the 2019 Universal Registration Document.</p> <p data-bbox="822 778 1207 800"><b>In respect of the 2020 financial year</b></p> <p data-bbox="822 821 1466 934">Note that, on April 23, 2020, in the context of the very difficult period being traversed by the Air France – KLM Group, Mr. Benjamin Smith announced that he was waiving his annual variable compensation in respect of the 2020 financial year.</p> <p data-bbox="822 955 1466 1215">During its meeting of February 17, 2021, while noting that Mr. Benjamin Smith had waived his annual variable compensation in respect of the 2020 financial year, the Board of Directors wished to proceed with an evaluation of Mr. Benjamin Smith's performance for 2020 but without setting a precise level of attainment of the performance criteria. During its meeting of February 17, 2021 and following consultation with the Remuneration Committee, the Board recognized the performance of Mr. Smith and notably referred:</p> <p data-bbox="822 1236 1235 1257">Concerning the financial criteria, to the:</p> <ul data-bbox="822 1264 1466 1523" style="list-style-type: none"> <li data-bbox="822 1264 1466 1376">— Deployment of effective cash preservation measures, in particular the reduction in capex, the decrease in payroll costs and the implementation of the partial activity/NOW mechanism while preserving the social climate;</li> <li data-bbox="822 1383 1466 1464">— A satisfactory level of reactivity in the definition of a cash preservation plan upon the emergence of the Covid-19 public health crisis in March 2020;</li> <li data-bbox="822 1470 1466 1523">— The reliability of the forecasts and regular updates at Board level on the implementation of this plan.</li> </ul> <p data-bbox="822 1544 1285 1566">Concerning the non-financial criteria, to the:</p> <ul data-bbox="822 1572 1466 1949" style="list-style-type: none"> <li data-bbox="822 1572 1466 1653">— Key role played by Mr. Smith in the discussions with the French and Dutch States for the implementation of the State loans aimed at ensuring cohesion within the Group;</li> <li data-bbox="822 1659 1466 1713">— Drive in determining and implementing the transformation measures for the Air France – KLM Group;</li> <li data-bbox="822 1719 1466 1800">— Management of the short-term actions and the identification of the medium-term challenges while maintaining a positive employee dialogue and internal trust;</li> <li data-bbox="822 1806 1466 1949">— Management as an airline specialist, during the 2020 financial year, of the short-term actions and medium-term challenges while maintaining a positive employee dialogue and internal trust. Mr. Smith also reaffirmed his long-term vision of the Group.</li> </ul>

Elements of compensation submitted to approval	Amounts paid during the 2020 financial year	Amounts granted in respect of the 2020 financial year	Presentation
Long-term variable compensation	N/A	<p>200,400 performance units payable in cash, valued at €1,000,000 and calculated with reference to the Air France-KLM opening share price on April 1, 2020.</p> <p>200,400 performance units payable in Air France-KLM shares, valued at €1,000,000 and calculated with reference to the Air France-KLM opening share price on April 1, 2020.</p>	<p>The compensation of Mr. Benjamin Smith, in his capacity as Chief Executive Officer, includes a long-term variable portion composed of performance units payable in cash and in Air France-KLM shares.</p> <p>As proposed by the Remuneration Committee, during its meeting of March 19, 2020, the Board of Directors decided to grant Mr. Benjamin Smith, in his capacity as Chief Executive Officer, performance units within the framework of two long-term plans:</p> <ul style="list-style-type: none"> <li>– <i>Long-term Incentive Plan</i> (“Phantom shares”): grant of 200,400 performance units, payable in cash in 2023 subject to a three-year presence condition and to the attainment of performance conditions. The amount to be paid in 2023, subject to the attainment of performance conditions and a three-year presence condition, will be calculated with reference to the share price after the results announcement for the 2022 financial year (excepting exercise by the beneficiary of his right to defer the payment by a maximum of three years, in which case the amount will be calculated with reference to the share price after the announcement of the results for the financial year preceding the year during which the payment will take place);</li> <li>– <i>Specific Long-term Incentive Plan</i>: grant of 200,400 performance units, payable in Air France-KLM shares (one performance unit conferring the right to one share) in 2023 subject to the attainment of performance conditions and a three-year presence condition.</li> </ul> <p>It is specified that Mr. Smith has given a formal undertaking that he has not used and will not use risk hedging transactions in connection with this plan until the payment of the performance units.</p> <p>The main terms and conditions of these two long-term compensation plans are detailed in section 2.5.3.2 b. of the 2019 Universal Registration Document.</p>
Multi-year variable compensation	N/A	N/A	Mr. Benjamin Smith does not benefit from any multi-year variable compensation.
Extraordinary variable compensation	N/A	N/A	Mr. Benjamin Smith does not benefit from any extraordinary compensation.
Stock options, performance shares or other long-term benefit (equity warrants, etc.)	N/A	N/A	No awards of this type were made during the 2020 financial year.
Compensation in respect of a Board director mandate	N/A	N/A	Mr. Benjamin Smith does not receive any compensation in respect of his Board director’s mandate.
Benefits of any kind	€295,287	€295,287	Mr. Benjamin Smith benefits from a chauffeur-driven company car and a supplementary health and disability scheme benefiting all the Group’s personnel. Given his relocation to France, he also benefits from an accommodation allowance, free airline tickets, school fees and advisory fees.

Elements of compensation submitted to approval	Amounts paid during the 2020 financial year	Amounts granted in respect of the 2020 financial year	Presentation
Severance payment	N/A	N/A	<p>Pursuant to the 2020 compensation policy approved by the Shareholders' Meeting of May 26, 2020 (sixteenth resolution), Mr. Benjamin Smith continues to benefit from the severance payment granted to him by the Board of Directors in its meeting of August 16, 2018 in the event of forced termination, including dismissal, non-renewal of his mandate as Chief Executive Officer or resignation following a change of control (other than in relation to a gross misconduct).</p> <p>Pursuant to the recommendations of the AFEP-MEDEF Code, the basis of this severance payment is equivalent to two years of his annual fixed and variable compensation (based on the specific calculation modalities referring, as necessary, to the target variable in the event of termination in the first 24 months).</p> <p>A coefficient (between 0% and 100%) will be applied to this amount on the basis of the performance of the interested party, measured with reference to the attainment of the performance criteria for the annual variable component of his compensation over the preceding two financial years of his mandate (or since his appointment, in the event of termination during the first 24 months). The Air France-KLM Board of Directors is responsible for evaluating the achievement of these performance criteria.</p>
Non-compete indemnity	N/A	N/A	Mr. Benjamin Smith does not benefit from a non-compete indemnity.
Supplementary pension scheme	N/A	N/A	Mr. Benjamin Smith does not benefit from a collective supplementary pension scheme.

### Elements of long-term variable compensation granted in respect of preceding financial years

Note that, in respect of the 2018 and 2019 financial years, as recommended by the Remuneration Committee, the Board of Directors granted Mr. Benjamin Smith, in his capacity as Chief Executive Officer, performance units within the framework of two long-term incentive plans:

- *Long-term Incentive Plan ("phantom shares"):*
  - 36,714 performance units valued at €333,000 granted in respect of the 2018 financial year, payable in cash in 2021 subject to the attainment of a three-year presence condition, excepting exercise by Mr. Benjamin Smith of his right to defer payment for a maximum of three years;
  - 110,253 performance units valued at €1,000,000 granted in respect of the 2019 financial year, payable in cash in 2022 subject to the attainment of performance conditions and a three-year presence condition, excepting exercise by Mr. Benjamin Smith of his right to defer payment for a maximum of three years;
- *Long-term Specific Incentive Plan:*
  - 110,253 performance units valued at €1,000,000 granted in respect of the 2019 financial year, payable in shares in 2022 subject to the attainment of performance conditions and a three-year presence condition.

These grants were submitted for approval by the Shareholders' Meetings of May 28, 2019 concerning the grants in respect of the 2018 financial year (fifteenth resolution) and May 26, 2020 concerning the grants in respect of the 2019 financial year (thirteenth resolution), pursuant to the former Article L.225-100 of the *Code de Commerce*.

It is specified that, in 2021, concerning the 36,714 performance units granted in 2018 in respect of the long-term incentive plan ("phantom shares"), Mr. Benjamin Smith exercised his right to defer payment of these performance units for a maximum of three years. The amount to be paid in respect of these performance units will be calculated with reference to the share price after the announcement of the results for the financial year preceding the year in which the payment will take place.

### 2.5.2.3 Ratios on the multiples of compensation paid to the executive officers in 2020

This section has been established pursuant to the provisions of Article L. 22-10-9, I, paragraph 6 of the *Code de Commerce* and to the AFEP guidelines updated in January 2021. It sets forth, for the Company's last five financial years, the ratios between the level of compensation for the executive officers and, firstly, the average compensation on a full-time equivalent base for employees of the company other than the company officers and, secondly, the median compensation on a full-time



equivalent base for employees of the company other than the company officers.

The following ratios have been calculated based on the annualized fixed and variable compensation paid during the relevant financial years.

Since the company Air France-KLM SA does not include a representative number of employees during the relevant period (fewer than 20% of the staff in France), a broader scope has been used ("relevant scope") consisting of Air France employees on permanent contracts (except expatriate and seconded staff) in France, present and paid throughout the year on a full-time basis, representing more than 80% of the headcount in France.

	2016 Financial Year	2017 Financial Year	2018 Financial Year
<b>Chair and CEO</b>			
Ratio with average employee compensation in the relevant scope	17.74	13.99	16.97
Ratio with median employee compensation in the relevant scope	22.55	18.00	22.00

Detail on the elements used to calculate the ratios presented above:

— 2016 Financial Year:

the compensation of the Chair and Chief Executive Officer for the 2016 financial year is composed of:

- Mr. Alexandre de Juniac's compensation in his capacity as Chair and Chief Executive Officer for the period from January 1 to July 4, 2016 (see 2016 Registration Document, page 40); and

- Mr. Jean-Marc Janaillac's compensation in his capacity as Chair and Chief Executive Officer for the period from July 4 to December 31, 2016 (see 2016 Registration Document, page 41);

— 2018 Financial Year:

- the compensation of the Chair and Chief Executive Officer has been annualized based on Mr. Jean-Marc Janaillac's compensation in his capacity as Chair and Chief Executive Officer for the period from January 1 to May 15, 2018.

	2018 Financial Year	2019 Financial Year <sup>(1)</sup>	2020 Financial Year
<b>Chair of the Board of Directors</b>			
Ratio with average employee compensation in the relevant scope	3.09	3.39	3.22
Ratio with median employee compensation in the relevant scope	4.00	4.42	4.18
<b>Chief Executive Officer</b>			
Ratio with average employee compensation in the relevant scope	13.89	38.78	30.61
Ratio with median employee compensation in the relevant scope	18.00	50.57	39.63

(1) As the average and median compensation of employees in the relevant scope taken into account for the 2019 financial year corresponds to an amount budgeted in the 2019 Universal Registration Document, the amounts for 2019 financial year presented here have been corrected.

Detail on the elements used to calculate the ratios presented above:

— 2018 Financial Year:

- the compensation of the Chair of the Board of Directors has been annualized based on Ms. Anne-Marie Couderc's compensation in her capacity as Chair of the Board of Directors for the period from May 15 to December 31, 2018.
- the compensation of the Chief Executive Officer has been annualized based on Mr. Benjamin Smith's compensation in his capacity as Chief Executive Officer from September 17 to December 31, 2018 (the compensation of Mr. Gagey, interim Chief Executive Officer from May 15 to September 17, 2018 has not been included in this calculation since it was established on the basis of

his compensation as Chief Financial Officer and not on that of the compensation for the Chief Executive Officer);

— 2019 Financial Year:

- the annual variable compensation of the Chief Executive Officer paid in 2019 in respect of 2018 has been annualized based on Mr. Benjamin Smith's compensation in his capacity as Chief Executive Officer for the period from September 17 to December 31, 2018;

— 2020 Financial Year:

- note that, on March 19, 2020, the Chair of the Board of Directors waived the application in the 2020 financial year of her new annual fixed compensation set by the Board of Directors on February 19, 2020. Her annual gross fixed compensation was thus €200,000 in respect

of her functions for 2020. Furthermore, the Chair of the Board of Directors submitted her fixed compensation paid during the 2020 financial year to the same wage modalities as those applied to all the Air France and Air France-KLMSA employees (notably its reduction *pro rata temporis* for the periods of partial activity applied to all the employees);

- note that, on March 19, 2020, the Chief Executive Officer informed the Board of Directors of his decision to submit his fixed compensation, paid during the 2020 financial year, to the same wage modalities as those applied to all the Air France and Air France-KLM SA employees (notably the reduction of the payment *pro rata temporis* for the periods of partial activity applied to

all the employees for 2020). In practice, his annual fixed compensation was reduced by 25% between March 23 and December 31, 2020.

#### 2.5.2.4 Change in the compensation policy

This section has been established pursuant to the provisions of Article L. 22-10-9, I, paragraph 7 of the *Code de Commerce* and pursuant to the AFEP guidelines updated in January 2021. It shows the annual change in compensation, the performances of the company Air France-KLM SA, the average remuneration on a full-time equivalent basis for employees of the company Air France-KLM SA other than the directors and the ratios referred to in section 2.5.2.3, for the last five financial years:

	2016 Financial Year	2017 Financial Year	2018 Financial Year	2019 Financial Year <sup>(1)</sup>	2020 Financial Year
<b>Annual compensation</b>					
<b>Chair and Chief Executive Officer<sup>(2)</sup></b>					
Compensation	€1,065,334	€852,167	€1,100,000	N/A	N/A
Change/N-1	+65.17%	-20%	+29.08%		
Ratio with average compensation	17.74	13.99	16.97	N/A	N/A
Change/N-1	+6.77	-3.84	+2.98		
Ratio with median compensation	22.55	18.00	22.00	N/A	N/A
Change/N-1	+8.00	-4.55	+4.00		
<b>Chair of the Board of Directors<sup>(2)</sup></b>					
Compensation	N/A	N/A	€200,000	€215,985	€190,835 <sup>(3)</sup>
Change/N-1				+7.99%	-11.64%
Ratio with average compensation	N/A	N/A	3.09	3.39	3.22
Change/N-1				+0.30	-0.17
Ratio with median compensation	N/A	N/A	4.00	4.42	4.18
Change/N-1				+0.42	-0.24
<b>Chief Executive Officer<sup>(2)</sup></b>					
Compensation	N/A	N/A	€900,000 <sup>(4)</sup>	€2,470,345	€1,808,253 <sup>(5)</sup>
Change/N-1				+174.47%	-26.80%
Ratio with average compensation	N/A	N/A	13.89	38.78	30.51
Change/N-1				+24.89	-8.27
Ratio with median compensation	N/A	N/A	18.00	50.57	39.63
Change/N-1				+32.57	-10.93
<b>Board directors<sup>(6)</sup></b>					
Compensation (formerly directors' fees)	€670,615	€720,695	€907,505 <sup>(7)</sup>	€826,417	€706,133 <sup>(8)</sup>
Change/N-1	+7.13%	+7.47%	+25.92%	-8.93%	-14.55%
<b>Employees in Air France-KLM SA relevant scope<sup>(9)</sup></b>					
Average compensation	€60,040	€60,914	€64,814	€63,696	€59,261
Change/N-1	+2.1%	+1.5%	+6.4%	-1.72%	-6.96%

	2016 Financial Year	2017 Financial Year	2018 Financial Year	2019 Financial Year <sup>(1)</sup>	2020 Financial Year
<b>Performances of the Company based on the reported figures</b>					
Results (in € million)	792	-247	419	290	-7,078
Change/N-1 (in € million)	+665	-1,066	+694	-129	-7,368
Current Operating Income (COI) (in € million)	1,049	1,488	1,332	1,141	-4,548
Change/N-1 (in € million)	+233	+439	-83	-264	-5,689
Net debt/EBITDA ratio	2.9x	2.1x	1.4x	1.5x	-6.5x
Change/N-1	-0.4	-0.8	-0.7	+0.1	-8

- (1) As the average and median compensation of the employees in the relevant scope taken into account for the 2019 financial year corresponds to an amount budgeted in the 2019 Universal Registration Document, the amounts for the 2019 financial year presented here have been corrected.
- (2) The compensation for the Chair and Chief Executive Officer, the Chair of the Board of Directors and the Chief Executive Officer shown above have been calculated on the basis of the fixed and variable compensation paid during the relevant financial years. These elements have been annualized for the purposes of comparison.
- (3) It is specified that the Chair of the Board of Directors submitted her fixed compensation of €200,000 paid during the 2020 financial year to the same modalities as those applied to all the Air France and Air France-KLM SA employees (notably its reduction *pro rata temporis* for the period of partial activity applied to all the employees).
- (4) The compensation of the Chief Executive Officer for the 2018 financial year only includes the Chief Executive Officer's annualized fixed compensation. The variable portion of the Chief Executive Officer's compensation granted in respect of the 2018 financial year was paid at the end of the Shareholders' Meeting of May 28, 2019.
- (5) It is specified that the Chief Executive Officer informed the Board of Directors of his decision to submit his fixed compensation, paid during the 2020 financial year, to the same modalities as those applied to all the Air France and Air France-KLM SA employees (notably its reduction *pro rata temporis* for the periods of partial activity applied to all the employees).
- (6) It is specified that, during its meeting of December 11, 2019, the Board of Directors decided to introduce a variable portion of compensation based on attendance allocated to the Board directors in respect of their functions within the advisory Committees.
- Audit Committee:
- the Chair now receives a fixed portion of €4,500 and a variable portion of €7,500 based on attendance at Committee meetings; and
  - the members now receive a fixed portion of €3,000 and a variable portion of €5,000 based on attendance at Committee meetings.
- Other Committees:
- the Chair now receives a fixed portion of €3,000 and a variable portion of €4,500 based on attendance at Committee meetings; and
  - the members now receive a fixed portion of €2,000 and a variable portion of €3,000 based on attendance at Committee meetings.
- (7) In view of the very high number of extraordinary meetings of the Board of Directors taking place during the 2018 financial year within the framework of the transitional governance period and the investment made by the different Board directors in attending these meetings, during its meeting of October 29, 2018, the Board of Directors granted an exceptional additional element of compensation (within the framework of the budget approved by the Shareholders' Meeting) to each member of the Board of Directors. These elements are set forth in section 2.5.2.1.
- (8) On April 3, 2020, the members of the Air France-KLM Board of Directors decided to reduce by 25% their compensation paid in 2020 *pro rata temporis* for the periods of partial activity applied to all the employees of Air France and Air France-KLM SA, i.e. from April 1 to December 31, 2020.
- (9) Since the company Air France-KLM SA does not include a representative number of employees during the relevant period (less than 20% of the employees in France), a broader scope has been used ("relevant scope") consisting of Air France employees on permanent contracts (except expatriate and seconded staff) in France, present and paid throughout the year on a full-time basis, representing more than 80% of the headcount in France.

### 2.5.2.5 Additional information concerning the compensation paid or granted to all the company officers in 2020

In the 2020 financial year, the total amount of compensation paid to the Board directors did not exceed the maximum

budget of €950,000 approved by the shareholders during the Shareholders' Meeting of May 15, 2018.

Pursuant to Article L. 22-10-9, I, paragraph 10 of the *Code de Commerce*, it is specified that, during the 2020 financial year, no divergences nor exemptions were applied relative to the implementation procedure for the compensation policy.

### 2.5.2.6 Elements of compensation for the executive officers pursuant to AMF Recommendation No.2009-16, as amended on April 13, 2015

#### Summary table of the compensation, options and shares granted to each executive officer

(in €)	2020 Financial Year	2019 Financial Year
<b>Ms. Anne-Marie Couderc, Chair of the Board of Directors</b>		
Compensation due in respect of the financial year	174,851 <sup>(1)</sup>	200,000
Valuation of long-term variable compensation granted during the financial year	N/A	N/A
Valuation of stock options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	N/A	N/A
<b>Total</b>	<b>174,851</b>	<b>200,000</b>

(1) The Chair of the Board of Directors waived the application in respect of the 2020 financial year of her new annual fixed compensation set by the Board of Directors meeting of February 19, 2020. Her annual gross fixed compensation was thus €200,000 in respect of her functions for 2020. Furthermore, the Chair of the Board of Directors submitted her fixed compensation paid during the 2020 financial year to the same modalities as those applied to all of the Air France and Air France-KLM SA employees (notably its reduction *pro rata temporis* for the periods of partial activity applied to all the employees).

(in €)	2020 Financial Year	2019 Financial Year
<b>Mr. Benjamin Smith, Chief Executive Officer</b>		
Compensation due in respect of the financial year	744,511	1,668,456
Valuation of long-term variable compensation granted during the financial year	2,000,000 <sup>(1)</sup>	2,000,000 <sup>(2)</sup>
Valuation of stock options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	N/A	N/A
<b>Total</b>	<b>2,744,511</b>	<b>3,668,456</b>

(1) 400,800 performance units valued at €2,000,000 and calculated with reference to the Air France-KLM opening share price on April 1, 2020, payable in 2023 (excepting, concerning the Phantom Share-type long-term incentive plans, the exercise by the beneficiary of his right to defer payment for a maximum of three years) subject to performance conditions and a three-year presence condition.

(2) 220,506 performance units valued at €2,000,000 and calculated with reference to the Air France-KLM opening share price on August 17, 2018, payable in 2022 (excepting, concerning the Phantom Share-type long-term incentive plans, the exercise by the beneficiary of his right to defer payment for a maximum of three years) subject to performance conditions and a three-year presence condition.

#### Summary table of the compensation of each executive officer

	2020 Financial Year		2019 Financial Year	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
<b>Ms. Anne-Marie Couderc, Chair of the Board of Directors</b>				
Fixed compensation	174,851 <sup>(1)</sup>	174,851 <sup>(1)</sup>	200,000	200,000
Variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Compensation granted in respect of a Board director's mandate	N/A	N/A	N/A	N/A
Benefits in kind	15,984 <sup>(2)</sup>	15,984 <sup>(2)</sup>	15,985 <sup>(2)</sup>	15,985 <sup>(2)</sup>
<b>Total</b>	<b>190,835</b>	<b>190,835</b>	<b>215,985</b>	<b>215,985</b>

(1) The Chair of the Board of Directors waived the application in respect of the 2020 financial year of her new annual fixed compensation set by the Board of Directors in its meeting of February 19, 2020. Her annual gross fixed compensation was thus €200,000 in respect of her functions for 2020. Furthermore, the Chair of the Board of Directors subjected her fixed compensation paid during the 2020 financial year to the same modalities as those applied to all the Air France and Air France-KLM employees (notably its reduction *pro rata temporis* for the periods of partial activity applied to all the employees).

(2) Ms. Anne-Marie Couderc benefits from a chauffeur-driven company car.

	2020 Financial Year		2019 Financial Year	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
<b>Mr. Benjamin Smith, Chief Executive Officer</b>				
Fixed compensation	744,511 <sup>(1)</sup>	744,511 <sup>(1)</sup>	900,000	900,000
Variable compensation	0 <sup>(2)</sup>	768,456	768,456	366,667 <sup>(3)</sup>
Long-term variable compensation	2,000,000 <sup>(4)</sup>	N/A	2,000,000 <sup>(5)</sup>	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Compensation granted in respect of a Board director's mandate	N/A	N/A	N/A	N/A
Benefits in kind	295,287 <sup>(6)</sup>	295,287 <sup>(6)</sup>	313,201 <sup>(6)</sup>	313,201 <sup>(6)</sup>
<b>Total</b>	<b>3,039,798</b>	<b>1,808,253</b>	<b>3,981,657</b>	<b>1,579,868</b>

- (1) Note that the Chief Executive Officer informed the Board of Directors of his decision to submit his fixed compensation, paid during the 2020 financial year, to the same wage modalities as those applied to all the Air France and Air France-KLM SA employees (notably its reduction *pro rata temporis* for the periods of partial activity applied to all the employees).
- (2) The Chief Executive Officer waived payment of his annual variable compensation in respect of the 2020 financial year.
- (3) For the period from September 17 to December 31, 2018.
- (4) 400,800 performance units valued at €2,000,000 and calculated with reference to the Air France-KLM opening share price on April 1, 2020, payable in 2023 (excepting, concerning the Phantom Share-type long-term incentive plans, the exercise by the beneficiary of his right to defer payment for a maximum of three years) subject to performance conditions and a three-year presence condition.
- (5) 220,506 performance units valued at €2,000,000 and calculated with reference to the Air France-KLM opening share price on August 17, 2018, payable in 2022 (excepting, concerning the Phantom Share-type long-term incentive plans, the exercise by the beneficiary of his right to defer payment for a maximum of three years) subject to performance conditions and a three-year presence condition.
- (6) Mr. Benjamin Smith benefits from a chauffeur-driven company car and a supplementary health and disability scheme benefiting all the Group's personnel. Given his relocation to France, he also benefits from an accommodation allowance, free airline tickets, school fees and advisory fees.

### Summary table of the situation of the executive officers

	Employment contract		Supplementary pension scheme (see above)		Indemnities or benefits due or potentially due on a cessation or change of function		Indemnity relating to a non-competence clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Executive officers</b>								
<b>Ms. Anne-Marie Couderc</b> <i>Chair of the Board of Directors</i> Start date of mandate: May 15, 2018 Expiry date of mandate: 2023 Ordinary Shareholders' Meeting <sup>(1)</sup>		✓		✓		✓		✓
<b>Mr. Benjamin Smith</b> <i>Chief Executive Officer</i> Start date of mandate: September 17, 2018 Expiry date of mandate: September 17, 2023 <sup>(2)</sup>		✓		✓	✓ <sup>(3)</sup>			✓

- (1) Ms. Anne-Marie Couderc was appointed Chair of the Board of Directors from May 15, 2018 to May 28, 2021. Her mandate as Chair of the Board of Directors was renewed for two more years by the Board of Directors resolution of December 4, 2020, subject to the amendment of Article 26 of the company's Articles of Incorporation increasing the age limit for exercising the functions of the Chair of the Board of Directors, submitted to the shareholders' vote during the Shareholders' Meeting of May 26, 2021.
- (2) Mr. Benjamin Smith was also appointed a Board director of the company Air France-KLM SA as of December 5, 2018. His Board director mandate was submitted for ratification by the shareholders during the Shareholders' Meeting of May 28, 2019 then renewed during this same Shareholders' Meeting for a four-year term of office, i.e. until the end of the 2023 Ordinary Shareholders' Meeting.
- (3) For more details on the severance payment to the benefit of Mr. Benjamin Smith, Chief Executive Officer, see section 2.5.2.2.

### Loans and guarantees granted to the company officers

None.

### Stock options granted to the company officers of Air France-KLM

Air France-KLM did not put in place any stock option schemes to the benefit of its company officers during the financial year, nor during the preceding financial years.

### Stock option schemes granted to the company officers of Air France-KLM and to the employees of the Air France-KLM Group by the subsidiaries

Air France and KLM have not recently put in place any stock option schemes to the benefit of their employees and no stock option schemes are currently in force.

### Information on stock option schemes granted to the employees of the Air France-KLM Group and exercised by them during the financial year

None.

### Performance shares granted to the company officers of Air France-KLM

Air France-KLM and its subsidiaries did not put in place a performance share scheme to the benefit of the Air France-KLM company officers during the financial year, nor during the preceding financial years.

## 2.5.3 Compensation policy for the company officers in respect of 2021

This section has been established pursuant to Articles L. 22-10-8 and R. 22-10-14 of the *Code de Commerce* and shows the elements composing the compensation policy for the company officers in respect of 2021.

As recommended by the Remuneration Committee, the Board of Directors has taken into account the vote of the Shareholders' Meeting of May 26, 2020 on the compensation for the executive officers in respect of the 2019 financial year to determine the 2021 compensation policy for the company officers.

Established by the Board of Directors, as recommended by the Remuneration Committee and consistent with the provisions of the AFEP-MEDEF Code, the compensation policy in respect of 2021 for the company officers of Air France-KLM:

- complies with the company's corporate interests (*intérêt social*) in that it enables qualified company officers to be attracted and retained while being adapted to the responsibilities of the beneficiary and consistent with the practices in comparable companies;
- linked to its commercial strategy in that it is composed, firstly, of a long-term variable portion giving the executive directors an interest in the company's results and adapted as a function of the strategic priorities; and
- contributes to the company's long-term sustainability in that it is always aligned with the interests of shareholders.

This policy is subject to an annual review by the Remuneration Committee. The work of the Remuneration Committee takes into account the examination of benchmarking studies carried out with the help of external consultants to compare this policy with the practices in comparable companies. The Committee also ensures that the compensation policy is aligned with the Company's strategy. On the basis of this work, the Committee formulates recommendations for the Board which then sets the compensation policy on an annual basis. The Remuneration Committee also formulates recommendations for the Board regarding its implementation.

As recommended by the Remuneration Committee, during the establishment of the compensation policy for company officers, the Board of Directors takes into account the remuneration and employment conditions of Air France-KLM's employees. As for all the employees of Air France-KLM, the Board of Directors ensures the implementation of a simple, understandable and

consistent compensation policy in a fair manner. The Board of Directors takes particular care that, at their individual level, all the employees and company officers have the material resources required for the fulfilment of their respective duties.

The Internal Rules of the Board of Directors stipulate that any Board director in a situation of conflict of interests, even potential, must inform the Board of Directors and abstain from participating in the debate or vote for the corresponding deliberation. The executive officers are not present during the discussions of the Board of Directors and the Remuneration Committee regarding their own compensation.

Should a new Chair of the Board of Directors or a new Chief Executive Officer be appointed, the elements of compensation foreseen in the compensation policy for company officers would also apply to them. As recommended by the Remuneration Committee, the Board of Directors will then determine, while adapting them to the situation of the interested parties, the targets, levels of performance, parameters, structure and maximum percentages relative to their annual fixed compensation which may not be higher than those approved by the Shareholders' Meeting.

The 2021 compensation policy for the company officers outlines all the components of the fixed and variable compensation for Board directors (section 2.5.3.1 hereinafter); the Chair of the Board of Directors (section 2.5.3.2 a. hereinafter); and the Chief Executive Officer (section 2.5.3.2 b. hereinafter), and explains the decision-making process for its establishment, review and implementation.

This 2021 compensation policy for the company officers will be the subject of a proposed resolution submitted for approval by the Shareholders' Meeting of May 26, 2021 under the conditions provided for in Article L. 22-10-8 of the *Code de Commerce* and on any material amendment to the compensation policy.

### 2.5.3.1 Compensation for the Board directors in respect of 2021

Subject to approval of the 2021 compensation policy for the company officers by the Shareholders' Meeting of May 26, 2021, the members of the Air France-KLM Board of Directors will receive, in respect of their Board directors' mandates, compensation (formerly "directors' fees") amounting to a maximum which was set at €950,000 for the entire Board of Directors.

The compensation for Board directors shall be composed of fixed and variable portions linked to the attendance of the Board directors, whose modalities for distribution and granting are set by the Board of Directors, as proposed by the Remuneration Committee.

These allocation rules have been unchanged since the Board of Directors' resolution of February 19, 2014, and are as follows:

- €15,000 for the fixed portion;
- €25,000 for the predominantly variable portion, based on attendance at meetings of the Board of Directors and at Shareholders' Meetings; and
- a sum of additional compensation is also granted to non-resident Board directors (€7,000).

At its meeting of December 11, 2019, the Board also resolved to introduce to the compensation allocated to the Board directors for their duties within the Committees a variable element of compensation based on attendance:

- For the Audit Committee:
  - the Chair will receive €4,500 as a fixed portion and €7,500 as a variable portion based on attendance at Committee meetings; and
  - the members will receive €3,000 as a fixed portion and €5,000 as a variable portion based on attendance at Committee meetings.
- For the other Committees:
  - the Chair will receive €3,000 as a fixed portion and €4,500 as a variable portion based on attendance at Committee meetings; and
  - the members will receive €2,000 as a fixed portion and €3,000 as a variable portion based on attendance at Committee meetings.

It is specified that, relative to the allocation policy voted in 2014, the introduction of the variable portion for duties within the Committees (i) does not change the total budget granted for the duties exercised within Committees as either member or Chair, and (ii) has been set based on the same proportions as the variable portion defined for meetings of the Board of Directors.

For Board directors leaving or joining the Board during the financial year, the amount of compensation is calculated *pro rata temporis* based on the number of Board of Directors, Committee and Shareholders' Meetings held during the period the Board director was in function.

In respect of the aforementioned allocation, all the Board directors, with the exception of the Chair of the Board of Directors and the Chief Executive Officer, will receive an amount of compensation in line with the allocation modalities set by the Board of Directors.

It is also specified that, in the event of a high number of extraordinary meetings of the Board of Directors, the Board of Directors may decide on an exceptional and additional allocation, within the limits of the budget allocated by the Shareholders' Meeting. The additional amount will be calculated *pro rata temporis* based on the attendance rates of the individual Board directors at these extraordinary meetings.

The Board directors (non-executive officers) may not benefit from:

- a long-term incentive plan or specific long-term incentive plan;
- benefits in kind which are not linked to their duties;
- an employment contract;
- a non-compete indemnity;
- an award of stock-options or free shares.

### Modalities for the granting and payment of the compensation (formerly "directors' fees") to representatives of the State and Board directors appointed on the proposal of the French State

The allocation rules for compensation paid to the Board directors outlined above are applicable to the State representatives and to the Board directors appointed as proposed by the French State.

Pursuant to Ordinance No. 2014-948 of August 20, 2014 and Article 1 of the ministerial order of December 18, 2014, as amended by the ministerial order of January 5, 2018, the following rules apply:

- for Board directors appointed directly by the French State, 100% of the compensation is paid to the French State (Article 5 of the Ordinance),
- for Board directors appointed by the Shareholders' Meeting on the proposal of the French State (Article 6 of the Ordinance), there are two separate cases:
  - for public officials of the French State, 100% of the compensation is paid to the State;
  - for those not acting in the capacity of public officials, the payment of the compensation must be shared as follows:
    - 15% paid to the State, and
    - 85% paid directly to the relevant director (with the application of the social and tax charges).

### Commitment of the members of the Air France-KLM Board of Directors

On February 17, 2021, in view of the context of the Covid-19 public health crisis, the members of the Air France-KLM Board of Directors resolved to reduce by 25% their compensation paid in respect of the 2021 financial year until the Group's Current Operating Income (COI) returns to a positive amount.

#### 2.5.3.2 Compensation of the executive officers in respect of 2021

Based on the recommendation of the Remuneration Committee, the compensation packages of the Chair of the Board of Directors and of the Chief Executive Officer are set by the Board of Directors, pursuant to the provisions of the AFEP-MEDEF Code.

Pursuant to the Internal Rules of the Board of Directors, as recommended by the Remuneration Committee, the Board of Directors also approves the compensation of the Chief Executive Officers of the principal subsidiaries (Air France and KLM). Furthermore, the Remuneration Committee makes recommendations to the Chief Executive Officer regarding the compensation of the Group's Chief Financial Officer and reviews the compensation of the members of the KLM Managing Board.

On an annual basis, the Remuneration Committee formulates and reviews these compensation policies, in relation to the

performance targets. The annual variable portion of the compensation for the Group's three Chief Executive Officers (Air France-KLM, Air France and KLM) is thus subject to the achievement of performance criteria:

- quantitative financial criteria;
- qualitative non-financial criteria relating to the improved performance of the company and the implementation of its strategy;
- taking into account of the performance relative to the principal competitors.

These compensation policies establish the principles and criteria for determining, allocating and granting the fixed, variable and extraordinary components of the total compensation and benefits of any kind awarded, firstly, to the Chair of the Board of Directors and, secondly, to the Chief Executive Officer, as well as their relative significance. All of these elements are detailed in this section in point a. relating to the mandate of the Chair of the Board of Directors and b. relating to the mandate of the Chief Executive Officer, pursuant to the provisions of Articles L. 22-10-8 and R. 22-10-14 of the *Code de Commerce*.

#### **a) 2021 compensation policy for the Chair of the Board of Directors**

Ms. Anne-Marie Couderc has been a member of the Air France-KLM Board of Directors since May 19, 2016. Her Board director mandate was renewed during the Shareholders' Meeting of May 26, 2020 for a term of four years, i.e. until the end of the Shareholders' Meeting convened to approve the financial statements for the financial year ending December 31, 2023. Ms. Anne-Marie Couderc was appointed Chair of the Board of Directors from May 15, 2018 until May 28, 2021. Her mandate as Chair of the Board of Directors was renewed for two additional years as resolved by the Board of Directors during its meeting of December 4, 2020, subject to the amendment of Article 26 of the company's Articles of Incorporation increasing the age limit for the exercise of the duties of Chair of the Board of Directors, to be submitted for approval by the shareholders during the Shareholders' Meeting of May 26, 2021. The Chair of the Board of Directors may be dismissed at any time by the Board of Directors. Ms. Anne-Marie Couderc has no employment contract binding her to the Company or another company within the Group.

During its meeting of February 17, 2021, as proposed by the Remuneration Committee, the Board of Directors set the structure of the compensation attributable to the Chair of the Air France-KLM Board of Directors in respect of the 2021 financial year.

#### **— Annual compensation (fixed and variable)**

##### **Description of the annual fixed and variable elements**

During its meeting of February 17, 2021, as recommended by the Remuneration Committee and after reiteration by the Chair of her undertaking to waive the application during the 2021 financial year of the increase in her fixed compensation to €220,000 approved by the Board of Directors on February 19, 2020, the Board of Directors decided to set the annual gross fixed compensation of the Chair at €200,000 in respect of her duties. The Chair of the Board of Directors will not benefit from any variable or multi-year compensation.

#### **— Annual extraordinary compensation**

The Chair of the Board of Directors will not benefit from any annual extraordinary compensation.

#### **— Long-term incentive plan or specific long-term incentive plan**

The Chair of the Board of Directors will not benefit from a long-term incentive plan or a specific long-term incentive plan.

#### **— Compensation in the capacity of Board director**

The Chair of the Board of Directors will not receive any compensation in respect of her Board director duties.

#### **— Severance payment**

The Chair of the Board of Directors will not benefit from a severance payment.

#### **— Benefits in kind**

The Chair of the Board of Directors will dispose of material resources (chauffeur-driven company car) that cannot, in practice, be separated from the performance of her duties.

#### **— Other**

The Chair of the Board of Directors will not benefit from an employment contract, nor from a top-up pension plan, non-compete indemnity, stock options or free shares.

#### **b) 2021 compensation policy for the Chief Executive Officer**

Mr. Benjamin Smith was appointed Chief Executive Officer from September 17, 2018 and a Board director as of December 5, 2018. His Board director mandate was submitted for ratification by the shareholders during the Shareholders' Meeting of May 28, 2019 then renewed during this same Shareholders' Meeting for a four-year term of office, i.e. until the end of the Shareholders' Meeting convened to approve the financial statements for the financial year ending December 31, 2022. The term of his mandate as Chief Executive Officer is five years. The Chief Executive Officer may, however, be dismissed at any time by the Board of Directors. Mr. Benjamin Smith has no employment contract with the Company or any other company within the Group.



Note that, given the adoption of the new Group governance during 2018, and in view of the profile and international experience of Mr. Benjamin Smith, Chief Executive Officer of Air France – KLM from September 17, 2018, the Air France – KLM Board of Directors considered it necessary to modify the framework for the compensation of the Group’s Chief Executive Officer which had been approved by the Shareholders’ Meeting of May 15, 2018 and which had de facto become inapplicable.

Within this context, the Board of Directors had reviewed the compensation practices for similar functions at competitor airline companies internationally and taken into account the compensation paid to Mr. Benjamin Smith in respect of his duties at Air Canada, as well as his residency of Canada which required him to relocate to France.

It is specified that, to determine the elements of compensation for the Chief Executive Officer, the Air France – KLM Board of Directors referred to a sample of compensation in place in comparable international airline groups.

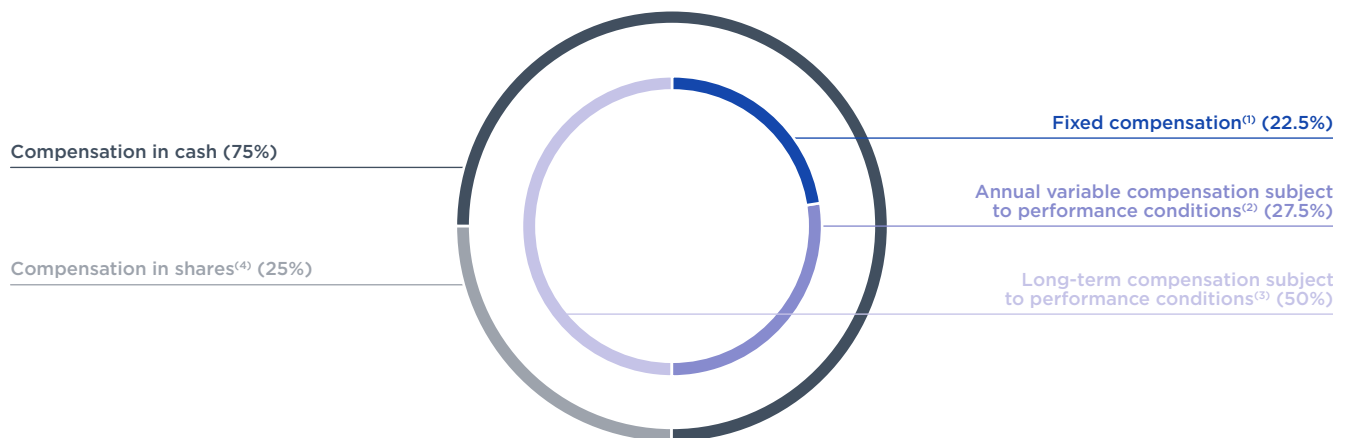
The structure of the compensation set by the Board of Directors in August 2018 remained unchanged for the 2019 and 2020 financial years. It is also within this framework that the compensation policy has been set for 2021.

During its meeting of February 17, 2021, as proposed by the Remuneration Committee, the Board of Directors defined the compensation structure composed of the fixed, variable and long-term elements, and the benefits of any kind, for the Chief Executive Officer of Air France – KLM in respect of the 2021 financial year.

The performance criteria linked to the variable and long-term compensation within the framework of the 2021 compensation were set pursuant to the Board resolutions of February 17, 2021.

In view of the context of crisis linked to the Covid-19 pandemic, it is specified that, as recommended by the Remuneration Committee, the Board of Directors will be able to use its judgement in determining any variable compensation for the Chief Executive Officer. As a result, the Board of Directors will be able to determine the amount and payment of the variable compensation for the Chief Executive Office consistent with (i) the performance achieved by the Group and the Group’s financial situation at the end of the financial year, (ii) the compensation policy applied to the Group’s employees, (iii) the protection of the Group’s interests and those of its shareholders and/or (iv) any decision taken by the European Commission approving a State support measure in the form of a recapitalization, based on the provisions of the European Union’s communication of March 20, 2020 relating to the Temporary Framework.

**Structure of the compensation for the Air France-KLM Chief Executive Officer in respect of the 2021 financial year**



(1) Amount of €900,000.  
 (2) 122% of the fixed compensation on achievement of the targets potentially rising to 150% should the targets be exceeded.  
 (3) Two long-term incentive plans conferring the right to the granting of performance units, each in the amount of €1 million.  
 (4) The specific long-term incentive plan will be paid in Air France – KLM shares.

— Annual compensation (fixed and variable)

**Description of the annual fixed and variable elements**

The Chief Executive Officer will benefit from annual gross fixed compensation of €900,000 and annual gross variable compensation potentially reaching between 0% and 122% of the annual gross fixed compensation on partial or full achievement of the targets (calculated on a linear basis), potentially rising to 122% of the annual gross fixed compensation on achievement

of the targets, and potentially reaching a maximum of 150% should the targets be exceeded (calculated on a linear basis). It is specified that the structure of the annual compensation has remained unchanged since 2019.

The performance criteria for the annual variable compensation, which were set by the Board of Directors during its meeting of February 17, 2021, are 60% based on quantitative criteria linked to the Group’s financial performance and targets, and 40% on qualitative criteria linked to the non-financial targets.

## Breakdown of the variable component

Target: 122% of the fixed compensation    Maximum: 150% of the fixed compensation

**Quantitative financial performance**

Air France–KLM comparative Current Operating Income Reduction in the gap between Air France–KLM’s performance and those of IAG and Luftansa Group in 2021	18%	22.5%
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**Transformation plan impact on cost saving and cash management**

*Comparison between the results of the structural benefits coming from the cost-saving plan, the realization of the reduction in FTEs and the targets already communicated*

	37%	45%
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**Capital market equity strengthening**

*Realization and amount of the equity or quasi-equity contributions (excluding transformation of the shareholder loan into a hybrid convertible)*

	18%	22.5%
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**Qualitative non-financial performance**

Societal & Environmental Responsibility (CSR) and Human Capital	12%	15%
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Customers	12%	15%
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Individual & Leadership	24%	30%
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## – Evaluation of the 2021 performance criteria

**Quantitative financial performance:**

The quantitative performance relative to the financial criteria (comparative Current Operating Income, Impact of the transformation plan on cost-savings and treasury management, Reinforcement of equity in the capital markets) will be evaluated on the basis of the following rules:

Air France–KLM comparative COI	Performance	% attainment of the criterion
Reduction of the gap between Air France–KLM’s performance and those of IAG and Lufthansa Group in 2021	Performance of Air France–KLM > than those of Lufthansa and IAG	Max (100%)
	Reduction in the performance gap relative to Lufthansa and IAG	100% to 50% Proportionate
	Reduction in the performance gap relative to Lufthansa or IAG	50% to 0% Proportionate
	Increase in the performance gap relative to Lufthansa and IAG	0%

**Transformation plan impact on cost saving and cash management**

% realization of the structural savings relative to the budget	% attainment of the criterion
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Level 1. < 80% relative to the budget	0%
Level 2. 80% to 90%	80% to 100% Proportionate
Level 3. 90% to 100%	100%
Level 4. 100% to 120%	100% to 120% Proportionate
Level 5. > 120% of the amount set in the budget	Maximum 120%

## Capital market equity strengthening

**Realization and % of the amount of contributions in equity and quasi-equity (excluding transformation of the shareholder loan into a hybrid convertible) relative to the target value**

	<b>% attainment of the criterion</b>	<b>Targets in % of the target value</b>
Level 1. Below the target value	0%	<100%
Level 2. Target value	80%	100%
Level 3. Target	80% to 120% proportionate	100% to 200%
Level 5. >120% of the amount set in the budget	Maximum 120%	>200%

### Qualitative non-financial performance:

The qualitative performance relative to the non-financial criteria (CSR & People, Customers, Individual & Leadership) will be evaluated on the basis of the following rules:

#### Societal & Environmental Responsibility (CSR) and Human Capital

The evaluation will cover the actions and results of the Societal & Environmental Responsibility and Human Capital commitment, notably in the light of the following priorities:

- Engage in the initiatives appropriate to remaining on the trajectory of the 2030 environmental road map;
- Maintain social cohesion within the Group within a context of restructuring: number of meetings of the European Works Councils and agreements signed;
- Improvement in the staff engagement score and the Group's attractiveness: position of the airlines in the rankings of the best places to work;
- Diversity: reinforcement of the "Coaching Femme de Talent", "Talent to the Top" and "Women for Tomorrow (WoTo)" initiatives.

#### Customers

The evaluation will review the actions and results on customer engagement, notably in the light of the following fundamental priorities:

- Improvement in the NPS vs 2019 + positive trend for 2021;
- Realization of the flight schedule + reliability and punctuality;
- Health measures (responses to questionnaires);
- Commercial initiatives (responses to questionnaires).

#### Individual & Leadership

The evaluation will review the actions and results, notably in the light of the following fundamental priorities:

- 1) crisis management leadership: execution of the transformation plan while maintaining the trust and commitment of all the stakeholders (employees, customers, Works Council, shareholders, government);
- 2) post-crisis management leadership: anticipation of the key business initiatives to remodel the offer and plan the post-crisis orientations.

## Societal &amp; Environmental Responsibility and Human Capital

Performance	Percentage granted
Significantly below target	0%
Target attained	100%
Significantly above target	150%

## Customers

Performance	Percentage granted
Significantly below target	0%
Target attained	100%
Significantly above target	150%

## Individual &amp; Leadership

Performance	Percentage granted
Significantly below target	0%
Target attained	100%
Significantly above target	150%

## — Long-term compensation

The compensation policy for the Chief Executive Officer is primarily composed of elements of long-term variable compensation so as to align this compensation with the Group's performance on the basis of a long-term perspective, thereby contributing to the Company's strategy and sustainability.

These elements of compensation correspond to two long-term incentive plans subject to the attainment of demanding performance conditions evaluated over a period of three years and covering the interests of the Group, its employees and its shareholders. It is specified that the vesting and payment of these elements of compensation will only take place at the end of this three-year period.

## Long-term compensation scheme for Air France – KLM

	Target grant in 2021	Assessment of performance conditions over 3 years			2024
		2021	2022	2023	
<b>Long-term incentive plan "Phantom Shares"</b>	Grant of performance units in 2021	Evaluation of the Financial and DJSI performance criteria over the financial year	Evaluation of the Financial and DJSI performance criteria over the financial year	Evaluation of the Financial and DJSI performance criteria over the financial year	<b>Payment in 2024</b> Subject to the achievement of performance criteria over the 3 years and continuous attendance
<b>Specific Long-term incentive plan</b>	Grant of performance units in 2021	Evaluation of the Financial and CSR performance criteria over the financial year	Evaluation of the Financial and CSR performance criteria over the financial year	Evaluation of the Financial and CSR performance criteria over the financial year	<b>Payment in Air France – KLM shares</b> (target grant x achievement of performance conditions)

**c) Long-term incentive plan**

On an annual basis, the Chief Executive Officer is granted performance units equivalent to an amount of €1 million, payable in cash at the end of a three-year period following the grant, subject to the achievement of performance conditions, evaluated over the whole of this period. The payment of the performance units will be also subject to a three-year presence condition,

except in the event of death or disability (without performance conditions), or retirement departure or in some cases of forced termination (the performance conditions remaining applicable).

Demanding performance conditions evaluated over a three-year period were set by the Board of Directors during its meeting of February 17, 2021:

KPI	Performance	Vesting of % of the grant
1. Net debt/EBITDA ratio relative to the budget at the end of a 3-year period (2023) (35%)	Level 3. Significantly above target >120%	120% Maximum
	Level 2. Target 80% to 120%	80% to 120% Proportionate
	Level 1. Significantly below target <80%	0%
2. EBITDA relative to the sector (35%)  Reduction in the gap in Air France-KLM's performance relative to those of IAG and Lufthansa Group over 3 years (2021, 2022, 2023)	Performance of Air France-KLM > that of Lufthansa and IAG	100% Maximum
	Reduction in the gap relative to Lufthansa and IAG	100% to 50% Proportionate
	Reduction in the gap relative to Lufthansa or IAG	50% to 0% Proportionate
	Increase in the gap relative to Lufthansa and IAG	0%
3. Dow Jones Sustainability Index for airline companies (30%) <sup>(1)</sup>	Position 1	120%
	Position 2	100%
	Position 3	80%
	Position 4 and lower	0%

(1) The results of the Dow Jones Sustainability Index ("DJSI") are published annually in September.

The number of performance units granted in 2021 will be calculated with reference to the Air France-KLM opening share price on April 1, 2021. The payment of the performance units will take place in 2024 (subject to the attainment of the performance and presence conditions over three years) and its amount will be calculated with reference to the share price following the announcement of the results for the 2023 financial year. The Chief Executive Officer will however have the option to defer payment for a maximum of three years, in which case the amount will be calculated with reference to the share price after the announcement of the results for the financial year preceding the year in which the payment will take place.

**d) Specific long-term incentive plan**

The Group intends to launch targeted strategic actions aimed at improving the medium and long-term operational performance, into line with the best international airlines, while taking into account the environmental and societal issues linked to its growth. Accordingly, the specific long-term incentive plan applicable

to the Chief Executive Officer and to a number of the Group's other managers and employees has been established pursuant to the resolutions of the Board of Directors of August 16, 2018 and March 12, 2019.

This plan provides for the Chief Executive Officer to be granted, annually in 2019, 2020 and 2021, performance units equivalent to an amount of €1 million, payable in shares at the end of a three-year vesting period following the grant, subject to the attainment of specific performance conditions, evaluated over the whole of this period. The payment of the performance units will also be subject to a three-year presence condition, except in the event of death or disability (without performance conditions), or retirement departure or in some cases of forced termination (the performance conditions remaining applicable). It is specified that one performance unit will confer the right to one Air France-KLM share.

The performance conditions that were set by the Board of Directors during its meeting of February 17, 2021 are as follows:

	Performance	Vesting of % of the grant
1. AF-KLM relative COI (70%) Reduction in the gap with IAG and Lufthansa Group over 3 years (2021, 2022, 2023)	Performance of Air France-KLM > that of Lufthansa and IAG	(100%) Maximum
	Reduction in the gap with Lufthansa and IAG	100% à 50% Proportionate
	Reduction in the gap with Lufthansa or IAG	50% à 0% Proportionate
	Increase in the gap with Lufthansa and IAG	0%
2. CSR performance targets (30%) <sup>(1)</sup>		See the evaluation rules below

(1) Updated on April 23, 2021 as approved by the Board of Directors on February 17, 2021.

The CSR performance criteria within the framework of the specific long-term incentive plan are as follows:

	Indicators	Targets
Environment	1 Reduce CO <sub>2</sub> emissions (gCO <sub>2</sub> /passenger/km, including the market-based measures)	Long-term target of a -50% reduction over the 2005-2030 period: to be evaluated annually and reported in the CSR report/verify yearly if on track to reach this target
Social	2 Reinforce diversity	Increase the percentage of women managers
Societal	3 Increase sustainable management of the supply chain	Track the risk management indicators for suppliers in compliance with the due diligence law (Human Rights and fundamental liberties, Health, Environment)

These criteria are evaluated in the following manner:

Criterion	Performance	Vesting as a % of grant
KPIs with the same weight	Significantly above target	Max (100%)
	Target achieved	50%
	Significantly below target	0%

The number of performance units granted in 2021 will be calculated relative to the Air France-KLM opening share price on April 1, 2021. Payment of these performance units (subject to performance and presence conditions) will be made in Air France-KLM shares (one performance unit conferring the right to one share).

It is specified that Mr. Smith has given a formal undertaking that he has not used/will not use risk hedging transactions within the framework of this plan until the payment of the performance units.

### Severance payment and benefits in kind

The Chief Executive Officer will continue to benefit from the severance payment granted by the Board of Directors in its meeting of August 16, 2018, as approved by the Shareholders' Meeting of May 28, 2019.

During its meeting of August 16, 2018, the Board of Directors authorized the granting to the Chief Executive Officer of a severance payment in some instances of forced termination, including dismissal, non-renewal of his mandate as Chief Executive Officer or resignation following a change of control (other than in relation to a gross misconduct). It is specified that the instance of forced termination enabling the implementation of this severance pay excludes any situation of serious misconduct on the part of the Chief Executive Officer.

In accordance with the recommendations of the AFEP-MEDEF Code, the basis of the severance payment is equivalent to two years of his annual fixed and variable compensation (based on specific calculation methods referring, as applicable, to the target variable in the event of a termination during the first 24 months).

A coefficient (between 0 and 100% inclusive) will be applied to the basis of the severance payment based on the performance of the interested party with reference to the level of the achievement of the performance criteria relating to the annual variable component of his compensation over the two last financial years of his mandate (or since his appointment, in the event of termination during the first 24 months). The Board will be responsible for evaluating the achievement of these performance criteria.

The Chief Executive Officer will also benefit from the usual benefits in kind (chauffeur-driven company car, supplementary pension scheme benefiting all Group employees, supplementary health insurance and disability coverage, provision of free airline tickets, Group CEO civil liability insurance – D&O) and benefits consistent with policies applied within the Group for senior manager expatriation and mobility.

#### **Other**

The Chief Executive Officer will not benefit from an employment contract, nor from a top-up pension scheme, non-compete indemnity, stock options or free shares.