

## 2.5 COMPENSATION OF THE COMPANY OFFICERS

### 2.5.1 General principles

Pursuant to the new provisions of Article L. 225-37-2 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, consistent with the provisions of the AFEP-MEDEF Code. The company's Board of Directors thus establishes a compensation policy aligned with the company's interest, 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 draft resolution submitted for approval by the Shareholders' Meeting, in the conditions foreseen in Article L. 225-98 of the *Code de Commerce*, on an annual basis and on any significant amendment to the compensation policy.

Pursuant to the new provisions of Article L. 225-37-3 and L. 225-100 of the *Code de Commerce*, the Shareholders' Meeting must also vote, on an annual basis, firstly on the information referred to in Article L. 225-37-3 I, including notably the total compensation and benefits of any kind paid in respect of the mandate during the last financial year or granted in respect of the mandate for the same financial year to all the company officers and, secondly, on the total compensation and benefits of any kind paid during the last financial year or granted in respect of the same financial year to each executive officer.

In application of Ordinance No.2019-1234 of November 27, 2019, taken in application of Act No.2019-486 of May 22, 2019 relating to the growth and transformation of businesses (known as the PACTE Act), the Shareholders' Meeting of May 26, 2020 is thus convened to approve the:

- information relating to the compensation for each of the company officers, provided in application of Articles L. 225-37-3 I and L. 225-100 II of the *Code de Commerce*. This information is presented hereinafter in section 2.5.2 of this Universal Registration Document (*Compensation of the company officers in 2019*);
- the fixed and variable elements composing the total compensation and benefits of any kind paid during the 2019 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, in application of Article L. 225-100 III of the *Code de Commerce*. This information is presented hereinafter in Section 2.5.2.2 of this Universal Registration Document (*Elements of compensation paid during the 2019 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, 2020*); and the;
- 2020 compensation policy for the company officers, i.e. the Board directors, the Chair of the Board of Directors and the

Chief Executive Officer, as established by the Board of Directors, in application of Article L. 225-37-2 of the *Code de Commerce*. This policy is set forth hereinafter in Section 2.5.3 of this Universal Registration Document (*Compensation policy for the company officers in respect of 2020*).

Note that, pursuant to the new provisions of Article L. 225-37-2 of the *Code de Commerce*, to avoid becoming null and void, no elements of compensation of any kind whatsoever, may be established, granted or paid by the company, nor any commitment made corresponding to elements of compensation, fees or benefits due or potentially due on taking up, stepping down or 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, 2020 does not approve the draft resolution referred to in Article L. 225-100 II of the *Code de Commerce*, the Board of Directors must submit a revised compensation policy, taking into account the shareholder vote, for approval by the next Shareholders' Meeting. In such a situation, the payment of the sum allocated to the Board Directors for the 2020 financial year would be suspended until approval of the revised compensation policy.

Lastly, the elements of variable or extraordinary compensation attributable to the Chair of the Board of Directors and the Chief Executive Officer in respect of the 2019 financial year may only be paid following approval by the Shareholders' Meeting of May 26, 2020 of the elements of compensation for the relevant individual under the conditions foreseen in Article L. 225-100 III of the *Code de Commerce*.

### 2.5.2 Compensation of the company officers in 2019

The information referred to in Article L. 225-37-3 I of the *Code de Commerce* and the elements of compensation paid during the 2019 financial year or granted in respect of this financial year to the various company officers of Air France-KLM, to be submitted to the vote by shareholders during the Shareholders' Meeting of May 26, 2020 in application of Article L. 225 100 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 2019 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, 2020

The elements of compensation paid during the 2019 financial year or granted in respect of this financial year to the Board directors of Air France-KLM, to be submitted to the shareholder vote at the Shareholders' Meeting of May 26, 2020 pursuant to Article L. 225-100 of the *Code de Commerce*, are detailed hereinafter:

	Attendance rate at Board and Committee meetings and at the Shareholders' Meeting (2019 financial year) <sup>(1)</sup>	Amounts granted in respect of the 2019 financial year and paid during this financial year or accounting value (in €)	Amounts granted in respect of the 2018 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 <sup>(2)</sup>	100%	N/A	25,042
Benjamin Smith <sup>(3)</sup>	100%	N/A	N/A
Maryse Aulagnon	98%	55,214	55,797
Karim Belabbas <sup>(4)</sup>	96%	43,214	47,500
Leni M.T. Boeren	91%	57,214	60,113
Isabelle Bouillot	95%	49,929	52,500
Mathi Bouts <sup>(5)</sup>	75%	50,500	45,684
Jean-Dominique Comolli	100%	50,000	57,500
George Mattson (Permanent representative of Delta Air Lines, Inc.)	78%	55,214	54,500
Paul Farges <sup>(4)(6)</sup>	100%	48,000	32,281
Jaap de Hoop Scheffer	79%	21,286	55,910
Anne-Marie Idrac	100%	45,000	43,797
Isabelle Parize	91%	57,214	53,410
Alexander R. Wynaendts	89%	46,643	51,850
François Robardet <sup>(4)</sup>	100%	53,000	60,500
Astrid Panosyan <sup>(7)</sup>	80%	12,500	N/A
Cees't Hart <sup>(7)</sup>	100%	21,286	N/A
Martin Vial <sup>(8)</sup>	100%	15,886	N/A
Jian Wang <sup>(9)</sup>	67%	14,857	N/A
<b>Former members of the Board of Directors during the 2018 and 2019 financial years no longer acting in the capacity of Board director as of the date of this Universal Registration Document</b>			
Louis Jobard <sup>(4)(10)</sup>	N/A	N/A	20,042
Solenne Lepage <sup>(11)</sup>	91%	14,100	55,500
Patrick Vieu <sup>(12)</sup>	89%	25,643	47,500
Hans Smits <sup>(12)</sup>	44%	23,414	47,320
Bing Tang <sup>(13)</sup>	86%	39,786	40,759
<b>Total</b>		<b>826,417</b>	<b>907,505</b>

(1) In view of the introduction of a variable portion in the compensation policy for Board directors for their attendance at meetings of the Board of Directors' Committees, the attendance rate presented includes their attendance at meetings of the Board, the Committees and the Shareholders' Meeting.

(2) Ms. Anne-Marie Couderc received compensation in her capacity as a Board director for the period from January 1 to May 15, 2018.

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

(4) 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, with no link to their corporate mandates within Air France-KLM. Furthermore, their compensation is paid to their unions.

(5) Mr. Mathi Bouts receives compensation in respect of his employment contract with KLM, with no link to his corporate mandate within Air France-KLM.

(6) Board director since May 15, 2018.

(7) Board director since May 28, 2018.

(8) Board director since May 31, 2019.

(9) Board director since July 31, 2019.

(10) Board director until May 15, 2018.

(11) Board director until April 1, 2019.

(12) Board director until May 28, 2019.

(13) Board director until July 30, 2019.

In respect of the 2019 financial year and paid during this financial year, the Board directors were granted total compensation of €826,417 (within the framework of the €950,000 budget voted by the Shareholders' Meeting of May 15, 2018).

The compensation for Board directors is composed of a fixed and variable portion, linked to the diligence of the Board directors, whose allocation and granting modalities are set by the Board of Directors, as proposed by the Remuneration Committee. The number of meetings of the Board of Directors and its Committees held during the 2019 financial year and the attendance rates of the individual Board directors at the aforementioned meetings is set forth in Section 2.3 of this Universal Registration Document.

The allocation rules, unchanged since the Board of Directors' resolution of February 19, 2014, are set forth in Section 2.5.3.1 of this Universal Registration Document.

Note that, during its meeting of December 11, 2019, the Board of Directors decided to introduce a variable element of compensation granted to the Board directors in respect of their duties within the 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.

Note also that, 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 efforts made by the different Board directors to participate in these meetings, during its meeting of October 29, 2018 the Board of Directors granted an additional extraordinary amount of compensation (within the framework of the budget voted by the Shareholders' Meeting) to each of the Board directors, determined on the basis of a maximum variable amount of €7,500 calculated *pro rata temporis* based on their attendance at the extraordinary meetings of the Board of Directors held during the transition period (i.e. as of May 16, 2018), with the exception of the Chair of the Board of Directors and the Chief Executive Officer.

#### 2.5.2.2 Elements of compensation paid during the 2019 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, 2020

##### a. Compensation of Ms. Anne-Marie Couderc, Chair of the Board of Directors, for the period from January 1 to December 31, 2019

#### Presentation of the 2019 compensation structure for Ms. Couderc, Chair of the Board of Directors

Pursuant to the Board of Directors' resolutions of March 12, 2019, the compensation of the Chair of the Board of Directors comprised only a fixed portion of €200,000. There were neither Board directors' fees nor variable compensation in addition to this compensation.

The 2019 compensation policy for the Chair of the Board of Directors was approved by the Shareholders' Meeting of May 28, 2019.

For more details on the compensation policy for the Chair in respect of the 2019 financial year, see Section 2.5.2.6 of the 2018 Registration Document.

### Elements of compensation paid during or granted in respect of the 2019 financial year

The elements of compensation paid during the 2019 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, 2019, to be submitted to the shareholder vote during the Shareholders' Meeting of May 26, 2020 pursuant to Article L. 225-100 of *Code de Commerce*, are detailed as follows:

Elements of compensation submitted to the vote	Amounts paid during the 2019 financial year	Amounts granted in respect of the 2019 financial year	Presentation
Fixed compensation	€200,000	€200,000	In her capacity as Chair of the Board of Directors, Ms. Anne-Marie Couderc's annual gross fixed compensation in respect of the 2019 financial year was set at €200,000 by the Board of Directors during its meeting of March 12, 2019.  This annual gross fixed compensation is unchanged on its 2018 level.
Annual variable compensation	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from variable compensation.
Multi-year variable compensation	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from multi-year variable compensation.
Extraordinary compensation	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from 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 2019 financial year. Ms. Anne-Marie Couderc does not benefit from any elements of long-term compensation.
Compensation granted in respect of a Board director's mandate	N/A	N/A	Ms. Anne-Marie Couderc does not receive compensation in respect of her Board director's mandate.
Benefits of any kind	€15,985	€15,985	Ms. Anne-Marie Couderc benefits from a chauffeur-driven company car.
Severance pay	N/A	N/A	Ms. Anne-Marie Couderc does not benefit from severance pay.
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, 2019**

**Presentation of the 2019 compensation structure for Mr. Benjamin Smith, Chief Executive Officer**

As proposed by the Remuneration Committee, the compensation policy for the Chief Executive Officer was defined by the Board of Directors during its meeting of August 16, 2018. The 2019 compensation policy for the Chief Executive Officer, set pursuant to the Board of Directors resolutions of February 19, 2019 and March 12, 2019, is composed of the following three elements:

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

The 2019 compensation policy for the Chief Executive Officer was approved by the Shareholders' Meeting of May 28, 2019.

For more details on the compensation policy for the Chief Executive Officer in respect of the 2019 financial year, see Section 2.5.2.6 of the 2018 Registration Document.

**Elements of compensation paid during or granted in respect of the 2019 financial year**

The elements of compensation paid during the 2019 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, 2019, to be submitted to the shareholder vote at the Shareholders' Meeting of May 26, 2020 in application of Article L. 225-100 of the *Code de Commerce*, are detailed as follows:

Elements of compensation submitted to the vote	Amounts paid during the 2019 financial year	Amounts granted in respect of the 2019 financial year	Presentation
Fixed compensation	€900,000	€900,000	<p>Mr. Benjamin Smith's annual gross fixed compensation in his capacity as Chief Executive Officer was set at €900,000 by the Board of Directors during its meeting of February 19, 2019.</p> <p>This annual gross fixed compensation is unchanged relative to its 2018 level.</p>
Annual variable compensation	€366,667	€768,456	<p>Note that, as proposed by the Remuneration Committee, in his capacity as Chief Executive Officer for 2018, the amount of Mr. Benjamin Smith's annual gross variable compensation was set at €366,667 by the Board of Directors during its meeting of August 16, 2018. In that he took up his duties during the last part of the 2018 financial year, this amount was not subject to performance criteria. Following approval by the Shareholders' Meeting of May 28, 2019, (fifteenth resolution), this annual gross variable compensation was paid during the 2019 financial year in respect of the 2018 financial year<sup>(1)</sup>.</p> <p>As proposed by the Remuneration Committee, the amount of Mr. Benjamin Smith's annual gross variable compensation in his capacity as Chief Executive Officer was set at €768,456 by the Board of Directors during its meeting of February 19, 2020. This amount corresponds to 85.4% of his annual gross fixed compensation and is composed as follows:</p> <ul style="list-style-type: none"> <li>— quantitative criteria linked to the Group's financial objectives: 41.6% (i.e. 30.4% of his annual gross fixed compensation): <ul style="list-style-type: none"> <li>- 19% (compared with a target at 61% and a maximum at 79%) of the fixed compensation in respect of the quantitative performance linked to Air France-KLM's Current Operating Income (COI), i.e. an achievement rate of 31.2%. This percentage takes into account the level of COI achieved by the Group and the performance relative to the competitors,</li> <li>- 11.4% (compared with a target at 12% and a maximum at 16%) of the fixed compensation in respect of the quantitative performance linked to the adjusted net debt, i.e. an achievement rate of 96.4%. This percentage takes into account the level of Adjusted Net Debt achieved by the Group;</li> </ul> </li> </ul>

Elements of compensation submitted to the vote	Amounts paid during the 2019 financial year	Amounts granted in respect of the 2019 financial year	Presentation
			<p>— qualitative criteria composed of individual targets: 112.2% (i.e. 55% of his annual gross fixed compensation):</p> <ul style="list-style-type: none"> <li>– 15% (compared with a target at 12% and a maximum at 15%) of the fixed compensation in respect of the qualitative performance linked to social stability and dialogue, i.e. an achievement rate of 125%, This target is evaluated relative to the improvement in the Group's Employee Promoter Score<sup>(3) (5)</sup>,                      In its evaluation, the Remuneration Committee noted an increase in this indicator at the end of 2019 and took into account the new employee dialogue established throughout the financial year, based on transparency and trust,</li> <li>– 15% (compared with a target at 12% and a maximum at 15%) of the fixed compensation in respect of the qualitative performance linked to customer engagement, i.e. an achievement rate of 125%, This target is evaluated relative to the improvement in the Group's Net Promoter Score<sup>(4) (5)</sup>,                      In its evaluation, the Remuneration Committee noted a significant improvement of more than 33% in this indicator in 2019 resulting, notably, from the deployment of the strategic plan to redefine the commercial offer and the complementary repositioning of the Group's brands,</li> <li>– 13% (compared with a target and a maximum at 13%) of the fixed compensation in respect of the qualitative performance linked to the definition of the strategic orientations to strengthen the Group's competitiveness and their initial execution, i.e. an achievement rate of 100%,                      This target takes into account the definition of the strategic orientations to strengthen the Group's competitiveness and their initial execution,                      In its evaluation, the Remuneration Committee took into account the medium and long-term strategic plan defined and unveiled during the Investor Day in November 2019 together with its degree of acceptance by the market,</li> <li>– 12% (compared with a target and a maximum at 12%) of the fixed compensation in respect of the qualitative performance linked to the implementation of the managerial governance, i.e. an achievement rate of 100%,                      This target takes into account the implementation of the managerial governance and notably the promotion of positive working relationships between the executive teams of Air France - KLM, Air France, KLM and other subsidiaries,                      In its evaluation, the Remuneration Committee noted the implementation of a new governance as of February 2019, composed of a CEO Committee resulting from reinforced strategic and managerial cooperation within the Group and its subsidiaries.</li> </ul> <p>In application of Article L. 225-100 III of the <i>Code de Commerce</i>, the payment of the amount of €768,456 is subject to prior approval by the Shareholders' Meeting of May 26, 2020.</p> <p>In the event of a positive vote by the shareholders during the Shareholders' Meeting of May 26, 2020, authorizing the payment of Mr. Benjamin Smith's variable compensation, the company will not have the option to request its return.</p>



Elements of compensation submitted to the vote	Amounts paid during the 2019 financial year	Amounts granted in respect of the 2019 financial year	Presentation
Long-term variable compensation	N/A	220,506 performance units valued at €2,000,000, calculated with reference to the Air France-KLM opening share price on August 17, 2018	<p>As proposed by the Remuneration Committee, during its meeting of March 14, 2018, the Board of Directors decided to set up two long-term compensation plans: a Long-term Incentive Plan and a Specific Long-term Incentive Plan.</p> <p>As proposed by the Remuneration Committee, during its meeting of March 12, 2019, 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 (Phantom Shares)</i>: grant of 110,253 performance units, payable in 2022 subject to a three-year presence and performance conditions. Their payment in 2022 (subject to the presence and performance conditions) will be calculated relative to the share price after the results announcement for the 2021 financial year;</li> <li>– <i>Specific Long-term Incentive Plan</i>: grant of 110,253 performance units, payable in Air France-KLM shares (one performance unit conferring the right to one share) in 2022 subject to a three-year presence and performance conditions;</li> </ul> <p>Note that Mr. Benjamin Smith does not use and has given an undertaking that he will not use risk hedging transactions within the framework of this plan until the payment of the performance units.</p> <p>The main terms and conditions of these two long-term incentive plans are detailed in Section 2.5.2.6 of the 2018 Registration Document.</p>
Multi-year variable compensation	N/A	N/A	Mr. Benjamin Smith does not benefit from multi-year variable compensation.
Extraordinary variable compensation	N/A	N/A	Mr. Benjamin Smith does not benefit from 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 2019 financial year.
Compensation granted in respect of a Board director's mandate	N/A	N/A	Mr. Benjamin Smith does not receive compensation in respect of his Board director's mandate.
Benefits of any kind	€313,201	€313,201	Mr. Benjamin Smith benefits from a chauffeur-driven company car, 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 the vote	Amounts paid during the 2019 financial year	Amounts granted in respect of the 2019 financial year	Presentation
Severance pay	N/A	N/A	<p>Pursuant to the 2019 compensation policy approved by the Shareholders' Meeting of May 28, 2019 (seventeenth resolution) and the regulated party agreement referred to in Article L. 225-42-1 of the <i>Code de Commerce</i> (in force at the time) and approved by the aforementioned Shareholders' Meeting (fifth 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 linked to a change of control (excluding any situation of serious misconduct on the part of the Chief Executive Officer).</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 achievement rate 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.

- (1) For the period from September 17 to December 31, 2018.  
 (2) For confidentiality reasons, the amount set in the 2019 budget is not disclosed.  
 (3) EPS = Internal indicator of employee satisfaction  
 (4) NPS = Customer satisfaction indicator.  
 (5) The EPS and NPS are internal indicators set each year by company taking into account the histories and performance plans of these companies.

### 2.5.2.3 Ratios on the multiples of compensation for the executive officers in 2019

This section has been realized pursuant to the provisions of Article L. 225-37-3 I, paragraph 6 of the *Code de Commerce* and 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 remuneration on a Full Time Equivalent basis for employees of the company other than the company officers and, secondly, the median compensation on a Full Time Equivalent basis for employees of the company other than the company officers.

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

Since the company Air France-KLM does not include a representative number of employees during the period in question, 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.

	2015 Financial Year	2016 Financial Year	2017 Financial Year	2018 Financial Year
<b>Chair and Chief Executive Officer</b>				
Ratio with average compensation for the employees in the relevant scope	10.97	17.74	13.99	16.97
Ratio with median compensation for the employees in the relevant scope	14.55	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 in respect of 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
<b>Chair of the Board of Directors</b>		
Ratio with average compensation for the employees in the relevant scope	3.09	<b>3.43</b>
Ratio with median compensation for the employees in the relevant scope	4.00	<b>4.43</b>
<b>Chief Executive Officer</b>		
Ratio with average compensation for the employees in the relevant scope	13.89	<b>39.19</b>
Ratio with median compensation for the employees in the relevant scope	18.00	<b>50.66</b>

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 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.

### 2.5.2.4 Change in the compensation policy

This section has been established in application of the provisions of Article L. 225-37-3 I, paragraph 7 of the *Code de Commerce* and shows the annual change in compensation, the performance of the company Air France-KLM, the average remuneration on a Full Time Equivalent basis for employees of the company Air France-KLM other than the Directors and the ratios referred to in section 2.5.2.3 of this Universal Registration Document, for the last five financial years:

	2015 Financial Year	2016 Financial Year	2017 Financial Year	2018 Financial Year	2019 Financial Year
<b>Annual compensation</b>					
<b>Chair and Chief Executive Officer<sup>(1)</sup></b>					
Compensation	€645,000	€1,065,334	€852,167	€1,100,000	<b>N/A</b>
Change / Y-1		+ 65.17%	- 20%	+29.08%	
Ratio with average compensation	10.97	17.74	13.99	16.97	<b>N/A</b>
Change / Y-1		+ 6.77	- 3.84	+ 2.98	
Ratio with median compensation	14.55	22.55	18.00	22.00	<b>N/A</b>
Change / Y-1		+ 8.00	- 4.55	+ 4.00	

	2015 Financial Year	2016 Financial Year	2017 Financial Year	2018 Financial Year	2019 Financial Year
<b>Chair of the Board of Directors<sup>(1)</sup></b>					
Compensation	N/A	N/A	N/A	€200,000	<b>€215,985</b>
<i>Change / Y-1</i>					<b>+7.99%</b>
Ratio with average compensation	N/A	N/A	N/A	3.09	<b>3.43</b>
<i>Change / Y-1</i>					<b>+ 0.34</b>
Ratio with median compensation	N/A	N/A	N/A	4.00	<b>4.43</b>
<i>Change / Y-1</i>					<b>+ 0.43</b>
<b>Chief Executive Officer<sup>(1)</sup></b>					
Compensation	N/A	N/A	N/A	€900,000 <sup>(2)</sup>	<b>€2,470,345</b>
<i>Évolution / Y-1</i>					<b>+ 174.47%</b>
Ratio with average compensation	N/A	N/A	N/A	13.89	<b>39.19</b>
<i>Change / Y-1</i>					<b>+ 25.3</b>
Ratio with median compensation	N/A	N/A	N/A	18.00	<b>50.66</b>
<i>Change / Y-1</i>					<b>+ 32.66</b>
<b>Board directors<sup>(3)</sup></b>					
Compensation (formerly directors' fees)	€625,960	€670,615	€720,695	€907,505 <sup>(4)</sup>	<b>€826,417</b>
<i>Change / Y-1</i>		7.13%	7.47%	25.92%	<b>-8.93%</b>
<b>Employees of Air France – KLM relevant scope<sup>(5)</sup></b>					
Average compensation	€58,792	€60,040	€60,914	€64,814	<b>€63,033</b>
<i>Change / Y-1</i>		2.1%	1.5%	6.4%	<b>-2.7%</b>
<b>Performance of the Company on the basis of reported figures</b>					
Earnings ( <i>in €m</i> )	€127	€792	-€247	€419	<b>€290</b>
<i>Change / Y-1</i>		+€665	-€1,066	+€694	<b>-€129</b>
Current Operating Income (COI) ( <i>in €m</i> )	€816	€1,049	€1,488	€1,332	<b>€1,141</b>
<i>Change / Y-1</i>		+€233	+€439	-€83	<b>-€264</b>
Net debt/EBITDA ratio	3.3x	2.9x	2.1x	1.4x	<b>1.5x</b>
<i>Change / Y-1</i>		-0.4	-0.8	-0.7	<b>+0.1</b>

(1) The compensation packages of the Chair and Chief Executive Officer, of the Chair of the Board of Directors and of the Chief Executive Officer set forth above have been calculated on the basis of the fixed and variable compensation paid during the relevant financial years. These elements have been annualized to enable their comparison.

(2) The compensation of the Chief Executive Officer for the 2018 financial year includes only the annualized fixed compensation for the Chief Executive Officer. The variable portion of the compensation for the Chief Executive Officer granted in respect of the 2018 financial year was paid following the Shareholders' Meeting of May 28, 2019.

(3) Note that, during its meeting of December 11, 2019, the Board of Directors decided to introduce a variable portion for the compensation granted to the Board directors in respect of their duties in the 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.

(4) 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 efforts made by the different Board directors to attend these meetings, during its Meeting of October 29, 2018 the Board of Directors granted an additional extraordinary amount of compensation (within the limits of the budget voted by the Shareholders' Meeting) to each member of the Board of Directors. These elements are set forth in Section 2.5.2.1 of this Universal Registration Document.

(5) Since the company Air France – KLM does not have a representative number of employees during the period under observation, a broader scope has been used ("relevant scope") composed of Air France employees on permanent contracts (excluding expatriates and staff on secondment), present and paid in France throughout the year on a full time basis.

### 2.5.2.5 Additional information concerning the compensation paid or granted to all the company officers in 2019

During the 2019 financial year, the 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.

During the 2019 financial year, the elements of compensation paid or granted to the Chair and Chief Executive Officer for the period from January 1 to May 15, 2018 complied with the compensation policy for the Chair and Chief Executive Officer approved by the shareholders during the Shareholders' Meeting of May 15, 2018.

Furthermore, Note that following the resignation of the Chair and Chief Executive Officer on May 15, 2018, the Board of Directors decided that same day to implement a transitional governance. Within this framework, the Board of Directors decided to:

- separate the functions of Chair of the Board of Directors and Chief Executive Officer of Air France-KLM;
- appoint Ms. Anne-Marie Couderc as Chair of the Board of Directors; and
- appoint Mr. Frédéric Gagey as interim Chief Executive Officer.

At its meeting of August 16, 2018, the Board of Directors appointed Mr. Benjamin Smith as Chief Executive Officer, who took up his duties on September 17, 2018, replacing Mr. Frédéric Gagey.

The payment and granting of the elements of compensation in respect of the 2018 financial year to Ms. Anne-Marie Couderc, Mr. Frédéric Gagey and Mr. Benjamin Smith for their respective duties were approved by the Shareholders' Meeting of May 28, 2019.

Nonetheless, pursuant to Article L. 225-37-3 I, paragraph 8 of the *Code de Commerce*, Note that, during the 2019 financial year, following the implementation of the new governance, the total compensation granted or paid to the executive officers did not respect the compensation policy for the Chair and Chief Executive Officer approved by the shareholders during the Shareholders' Meeting of May 15, 2018.

In effect, in view of the adoption of the Group's new governance during the year and in light of Mr. Benjamin Smith's profile and international experience, the Board of Directors considered that it was necessary to change the compensation framework for the new Chief Executive Officer which had initially been foreseen for the Chair and Chief Executive Officer. As a result, during the 2019 financial year, in addition to the elements of compensation paid to the Chair and Chief Executive Officer pursuant to the compensation policy voted by the Shareholders' Meeting of May 15, 2018, for the period from January 1 to May 15, 2018, variable compensation of €366,667 was paid to Mr. Benjamin Smith in his capacity as Chief Executive Officer from September 17 to December 31, 2018. Given that he took up his duties towards the end of the 2018 financial year, this variable compensation was not subject to performance criteria.

Pursuant to Article L. 225-37-3 I, paragraph 10 of the *Code de Commerce*, Note that, during the 2019 financial year, no disparity or other exemption relative to the procedure for implementing the compensation policy was applied. It is however stipulated that, during its meeting of December 11, 2019, the Board of Directors decided to introduce a variation portion into the compensation granted to Board directors for their duties exercised within the Committees.

## 2.5.2.6 Elements of compensation for the executive officers pursuant to AMF recommendation No. 2009-16, as amended on April 15, 2015

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

(in €)	2019 Financial Year	2018 Financial Year
<b>Ms. Anne-Marie Couderc, Chair of the Board of Directors</b>		
Compensation due in respect of the financial year	200,000	150,042 <sup>(1)</sup>
Multi-year variable compensation granted during the financial year	N/A	N/A
Stock options granted during the financial year	N/A	N/A
Performance shares granted during the financial year	N/A	N/A
<b>Total</b>	<b>200,000</b>	<b>150,042</b>

(1) Compensation in her capacity as a Board director for the period from January 1 to May 15, 2018 amounting to €25,042 and paid in 2018 + fixed compensation for the period from May 15 to December 31, 2018 in her capacity as Chair of the Board of Directors amounting to €125,000 and paid in 2018.

(in €)	2019 Financial Year	2018 Financial Year
<b>Mr. Benjamin Smith, Chief Executive Officer</b>		
Compensation due in respect of the financial year	1,668,456	629,167 <sup>(1)</sup>
Multi-year variable compensation granted during the financial year	2,000,000 <sup>(2)</sup>	333,000 <sup>(3)</sup>
Stock options granted during the financial year	N/A	N/A
Performance shares granted during the financial year	N/A	N/A
<b>Total</b>	<b>3,668,456</b>	<b>962,167</b>

(1) Fixed and variable compensation for the period from September 17 to December 31, 2018.

(2) 220,506 performance units valued at €2,000,000 and calculated relative to the Air France-KLM opening share price on August 17, 2018, payable in 2022 subject to performance and three-year presence conditions.

(3) 36,714 performance units valued at €333,000 and calculated relative to the Air France-KLM opening share price on August 17, 2018, payable in 2021 subject to a three-year presence condition.

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

Ms. Anne-Marie Couderc, Chair of the Board of Directors	2019 Financial Year		2018 Financial Year	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Fixed compensation	200,000	200,000	125,000 <sup>(1)</sup>	125,000 <sup>(1)</sup>
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	25,042 <sup>(2)</sup>	25,042 <sup>(2)</sup>
Benefits in kind	15,985 <sup>(3)</sup>	15,985 <sup>(3)</sup>	N/A	N/A
<b>Total</b>	<b>215,985</b>	<b>215,985</b>	<b>150,042</b>	<b>150,042</b>

(1) For the period from May 15 to December 31, 2018.

(2) Ms. Anne-Marie Couderc received compensation in her capacity as a Board director for the period from January 1 to May 15, 2018, paid in 2018.

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

Mr. Benjamin Smith, Chief Executive Officer	2019 Financial Year		2018 Financial Year	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Fixed compensation	900,000	900,000	262,500 <sup>(1)</sup>	262,500 <sup>(2)</sup>
Variable compensation	768,456	366,667 <sup>(1)</sup>	366,667 <sup>(1)</sup>	N/A
Long-term variable compensation	2,000,000 <sup>(3)</sup>	N/A	333,000 <sup>(1)(4)</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	313,201 <sup>(5)</sup>	313,201 <sup>(5)</sup>	N/A	N/A
<b>Total</b>	<b>3,981,657</b>	<b>1,579,868</b>	<b>962,167</b>	<b>262,500</b>

(1) For the period from September 17 to December 31, 2018.

(2) Payment of the fixed compensation in respect of the 2018 financial year for the period from September 17, 2018 to December 31, 2018.

(3) 220,506 performance units valued at €2,000,000 and calculated relative to the Air France - KLM opening share price on August 17, 2018, payable in 2022 subject to performance and three-year presence conditions.

(4) 36,714 performance units valued at €333,000 and calculated relative to the Air France - KLM opening share price on August 17, 2018, payable in 2021 subject to a three-year presence condition.

(5) Mr. Benjamin Smith benefits from a chauffeur-driven company car, 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 of function or change of function		Indemnity relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Executive directors</b>								
<b>Ms. Anne-Marie Couderc, Chair of the Board of Directors</b>								
Initiation of mandate: May 15, 2018		X		X		X		X
<b>Mr. Benjamin Smith, Chief Executive Officer</b>								
Initiation of mandate: September 17, 2018		X		X		X		X

#### Loans and guarantees granted to the company officers

None.

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

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

#### Stock subscription or purchase 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 subscription or purchase option schemes to the benefit of their employees. The last option plan implemented by KLM in 2007 became null and void in 2012.

#### Information on stock subscription or purchase 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 establish 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 2020

This section has been realized pursuant to Articles L. 225-37-2 and R. 225-29-1 of the *Code de Commerce* and shows the elements composing the compensation policy for the company officers in respect of 2020.

As recommended by the Remuneration Committee, the Board of Directors took into account the vote of the Shareholders' Meeting of May 28, 2019 on the compensation for the executive officers in respect of the 2018 financial year to determine the compensation policy for the company officers in respect of 2020.

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 for the company officers of Air France-KLM in respect of 2020 is:

- aligned with the company's interests 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 fair, simple, transparent and consistent compensation policy. 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.

Were a new Chair of the Board of Directors or a new Chief Executive Officer to 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 2020 compensation policy for the company officers outlines all the components of the fixed and variable compensation for Board directors (Section 2.5.1.2 hereinafter); the Chair of the Board of Directors (section 2.5.3.1 a. hereinafter); and the Chief Executive Officer (Section 2.5.3.1 b. hereinafter), and explains the decision-making process for its establishment, review and implementation.

This 2020 compensation policy for the company officers will be the subject of a draft resolution submitted to the Shareholders' Meeting of May 26, 2020 under the conditions foreseen by Article L. 225-98 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 2020

Subject to approval of the 2020 compensation policy for company officers by the Shareholders' Meeting of May 26, 2020, 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 will be composed of a fixed portion and a variable portion 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 variable portion, mainly 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 a variable element of compensation allocated to the Board directors for their duties within the Committees:

- 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; and
- 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.

Note that, relative to the allocation policy voted in 2014, the introduction of the variable portion for duties exercised within the Committees (i) does not change the total budget granted for the duties exercised within the 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: their 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.

Note also that, in the event of a high number of extraordinary meetings of the Board of Directors, the Board of Directors may decide on an additional extraordinary distribution, 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 individual Board directors at these extraordinary meetings.

The Board directors (non-executive directors) 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 bonus shares.

**– Modalities for the granting and payment of the compensation (formerly directors' fees) to representatives of the State and Board directors appointed as proposed by the French State**

The allocation rules for compensation paid to the Board directors outlined above are applicable to the State representatives and 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 State (Art. 5 of the Ordinance);
- for Board directors appointed by the Shareholders' Meeting as proposed by the French State (Art. 6 of the Ordinance), there are two different 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 Board director (with the application of the social and fiscal charges).

**– Commitment of the members of the Board of Directors of Air France-KLM**

On April 3, 2020, the members of the Air France-KLM Board of Directors decided to reduce their compensation paid in respect of 2020 by 25%, *pro rata temporis* for periods of partial activity applied to all employees.

**2.5.3.2 Compensation of the executive officers in respect of 2020**

As recommended by 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, 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 a recommendation 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 three Chief Executive Officers (Air France-KLM, Air France and KLM) is thus subject to the achievement of performance criteria:

- quantitative financial criteria;
- qualitative criteria relating to the improved performance of the company and the implementation of its strategy;
- 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 magnitude. All of these elements are detailed in this section in points 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. 225-37-2 and R. 225-29-1 of the *Code de Commerce*. Following consultation with the Remuneration Committee, the Board of Directors will be able to derogate, on a temporary basis, from these compensation policies in the event of exceptional circumstances and insofar as the changes are aligned with the company's interests and required to guarantee the Group's sustainability or viability. The elements of compensation which may be derogated and the events giving rise to the use of this derogation are outlined in this section under points 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. 225 - 37 - 2 and R. 225 - 29 - 1 of the *Code de Commerce*.

Note that, given the adoption of the new Group governance over the course of 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 reviewed the compensation practices for similar functions at competitor airline companies internationally and took 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.

Note 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 financial year. It is also within this framework that the compensation policy was set for 2020.

#### a. Compensation of the Chair of the Board of Directors

During its meeting of February 19, 2020, 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 2020 financial year.

Following consultation with the Remuneration Committee, the Board of Directors will be able to derogate, on a temporary basis, from the compensation policy for the Chair of the Board of Directors in the event of exceptional circumstances and insofar as the changes are aligned with the company's interests and required to guarantee the Group's sustainability or viability. The elements of compensation to which the derogation may apply are the annual fixed and variable compensation and the derogations may consist of an increase or decrease to the relevant compensation. The events potentially giving rise to the use of this derogation from the compensation policy shall include, but not be limited to, a major change in strategy or a public health crisis.

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

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

As recommended by the Remuneration Committee, during its meeting of February 19, 2020 the Board of Directors decided to increase the annual gross fixed compensation of the Chair, in respect of her duties, to €220,000.

The Chair of the Board of Directors will not benefit from variable or multi-year compensation.

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

- (i) During the meeting of the Board of Directors of March 19, 2020, the Chair informed the Board of her decision to waive the application, in respect of the 2020 financial year, of her new annual fixed compensation set by the Board of Directors on February 19, 2020. Her annual fixed compensation will thus be €200,000 in respect of her duties for 2020;
- (ii) The Chair informed the Board of Directors of her decision to subject her fixed compensation paid in 2020 to the same salary terms and conditions as those that will be applied to all Air France and Air France-KLM SA employees (in particular to reduce the payment *pro rata temporis* for periods of partial employment applied to all employees).

##### — Annual extraordinary compensation

The Chair of the Board of Directors will not benefit from 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 compensation in respect of her Board director duties.

##### — Severance pay

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

##### — Benefits in kind

The Chair of the Board of Directors will dispose of material resources 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 bonus shares.

#### b. 2020 compensation policy for the Chief Executive Officer

##### — Introductory remarks

As recommended by the Remuneration Committee, during its meeting of February 19, 2020, the Board of Directors decided to maintain the 2019 compensation structure for the 2020 financial year.



It had been expected to define the performance criteria linked to the annual variable compensation, consistent with the priorities and targets defined in the Group's strategic plan unveiled in November 2019. These performance criteria were relative to the Group's financial objectives and to a series of qualitative objectives, defined as follows:

- 60% linked to the Group's financial objectives, evaluating the performance based on the three financial indicators forming the pillars of Air France-KLM's strategic plan:
  - (i) annual COI performance of the Air France-KLM Group,
  - (ii) reduction in the Air France-KLM Group's Net Debt,
  - (iii) reduction in the Air France-KLM Group's Unit Costs;
- 40% linked to qualitative objectives, evaluating as in previous years the performance based on four criteria that remained to be finalized.

Following consultation with the Remuneration Committee, the Board of Directors will be able to derogate, on a temporary basis, from the compensation policy for the Chief Executive Officer in the event of exceptional circumstances and insofar as the changes are aligned with the company's interests and required to guarantee the Group's sustainability or viability. The elements of compensation to which the derogation may apply are the annual variable compensation and the derogations may consist of a redefinition

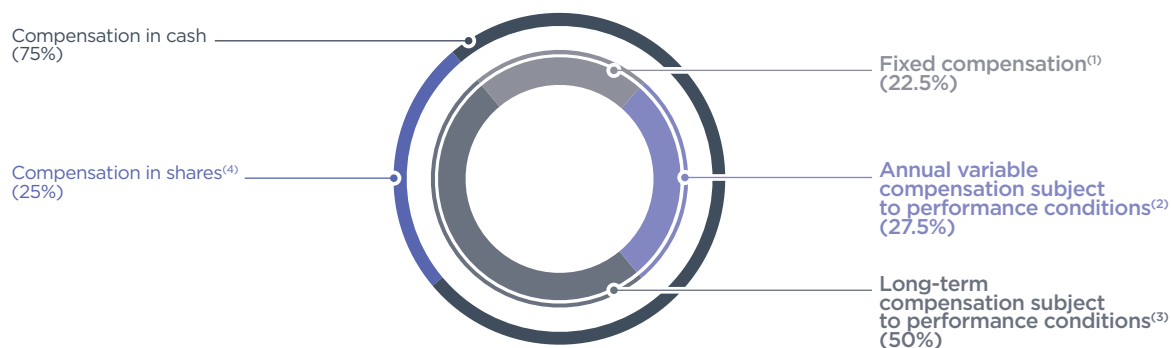
of the performance criteria. The events potentially giving rise to the use of this derogation from the compensation policy shall include, but not be limited to, a major change in strategy or a public health crisis.

During its meeting of March 19, 2020, in view of the escalation of the public health crisis linked to COVID-19, the Board of Directors finally decided to revise the performance criteria for the 2020 annual variable portion to align them with the Group's short-term priorities and to take into account the management of the crisis, the cash issues faced by the Group and the challenges linked to the exit from crisis, and the definition and execution of a recovery plan.

In view of the magnitude of this crisis it is currently difficult to anticipate a recovery date. It can be stipulated here that the return to the prior compensation policy or a new compensation policy will be discussed next year within the framework of the approval of the compensation policy for 2021.

As a result of the decisions taken by the Board of Directors at its meetings of February 19, March 19 and April 3, 2020, the compensation structure, comprising the elements of fixed, variable and long-term compensation and benefits of any kind for the Chief Executive Officer of Air France-KLM in respect of the 2020 financial year, is set forth below.

#### Structure of the compensation for the Chief Executive Officer of Air France - KLM in respect of the 2020 financial year



(1) Amounting to €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 compensation 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 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). Note that the structure of the annual compensation is unchanged relative to 2019.

In view of the exceptional nature of the COVID-19 public health crisis which is seriously impacting Air France-KLM, in agreement with the Air France-KLM management, the Board of Directors decided to undertake an in-depth review of the performance criteria for the annual variable compensation and of the evaluation conditions to be retained for the 2020 financial year.

Having consulted with the Remuneration Committee, during its meetings of March 19 and April 3, 2020 the Board of Directors decided that the achievement of the annual variable compensation criteria will be evaluated in accordance with the evaluation of the Group's financial performance in the light of the management and sustainability of the cash (cash for 70% of the evaluation), and the individual performance demonstrated in terms of managing the crisis, the exit from crisis and the definition of a strategic recovery plan (cash for 30% of the evaluation).

**Breakdown of the variable portion**

	<b>Weight of the performance criteria</b>	<b>Elements of evaluation</b>
<p><b>Financial performance</b>                      Air France-KLM Group cash<sup>(1)</sup></p>	70%	The evaluation will consider the effective financial situation at the end of the financial year and the efficacy of the action plans deployed to preserve the Air France-KLM Group's cash (adjustment of operations, cost reduction, control over and cancellation of capex, obtaining of support and financing, recovery plan)
<p><b>Individual performance</b>                      Leadership demonstrated in terms of managing the crisis, the exit from crisis, and the definition of a recovery plan</p>	30%	The evaluation will consider the actions and results at these three key moments, in the light notably of the following fundamental priorities: <ol style="list-style-type: none"> <li>1. Social climate and employee engagement (maintained employee trust and engagement as demonstrated by an Employee Promoter Score<sup>(2)(4)</sup> remaining in line with its pre-crisis level; (level of communication; stability of the social dialogue; management of employment)</li> <li>2. Customer satisfaction (level of communication and commercial and operational offers proposed to support customers; maintained customer trust demonstrated by the level of the Net Promoter Score<sup>(3)(4)</sup> maintained in line with its pre-crisis level; trend in the number of passengers during the recovery of the activities in terms of performance versus the European competitors)</li> <li>3. Group cohesion (reinforced cohesion and coordination between Air France-KLM, Air France and KLM within the framework of strategic decision-making, the preservation of the interests of the Group and the airlines, and internal and external communication).</li> </ol>

(1) For confidentiality reasons, the amount set in the 2020 budget is not disclosed.

(2) EPS = Internal indicator of employee satisfaction.

(3) NPS = Indicator of customer satisfaction.

(4) The targets for the EPS and NPS indicators are set internally each year by company, taking into account the histories and performance plans of these companies.

Upon recommendation of the Remuneration Committee, the Board of Directors will be able to use its judgement when determining the variable compensation, if any, of the Chief Executive Officer. This provision will enable the Board to determine the amount composing the variable compensation for the CEO in line with i) the performance realized 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 preservation of the Group's interests and those of its shareholders, (iv) any decisions taken by the governments.

#### Commitment of the Chief Executive Officer of Air France-KLM

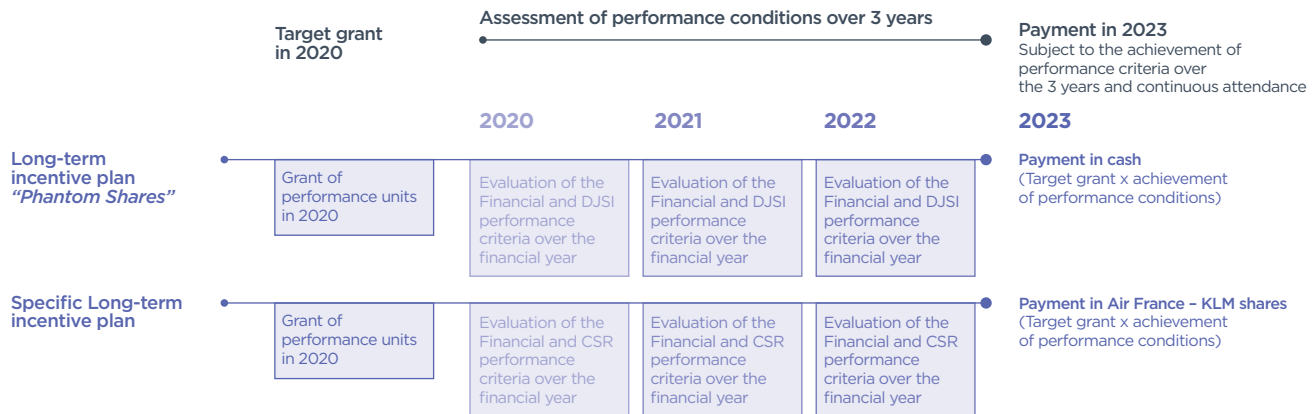
The Chief Executive Officer informed the Board of Directors of his decision to subject his annual fixed and variable remuneration, paid during the year 2020, to the same salary terms and conditions as those which will be applied to all Air France and Air France-KLM SA employees (in particular to reduce the payment *pro rata temporis* for periods of partial activity applied to all employees).

#### — Long-term incentive plan

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

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



In this year of exceptional crisis linked to COVID-19, Air France-KLM's long-term sustainability and performance together with the long-term interests of employees and shareholders remain the common goal.

Given that these elements of compensation are long-term commitments and it being stipulated that payment is made only at the end of the three-year vesting period, and to be able to evaluate over the long term the efficacy of the exit from crisis and the recovery plan, as recommended by the Remuneration Committee, during its meetings of February 19 and April 3, 2020 the Board of Directors decided to maintain, for the 2020 financial year, the long-term compensation policy as defined for the 2019 financial year.

Demanding performance conditions evaluated over a three-year period were set by the Board of Directors during its meeting of April 3, 2020:

KPI	Performance	Vesting of % of the grant
1. Relative share performance for Air France-KLM versus the shares of companies in the sector (30%) <sup>(1)</sup>	>120	120%
	Between 80 and 100	Between 80% and 120%
	<80	0%
2. Air France-KLM realized ROCE versus the budget (40%) <sup>(2)</sup>	>120	120%
	Between 80 and 100	Between 80% and 100%
	<80	0%
3. Dow Jones Sustainability Index (30%) <sup>(3)</sup>	Position 1	120%
	Position 2	100%
	Position 3	80%
	Position 4 and lower	0%

(1) Defined as the performance of the Air France-KLM share in any financial year relative to the performance of the sector: Lufthansa (40%), IAG (35%), Ryanair (12.5%), easyJet (12.5%).

(2) Calculation is based on absolute ROCE.

(3) The results of the Dow Jones Sustainability Index (DJSI) are published in September of each year.

The number of performance units granted in 2020 will be calculated relative to the Air France-KLM opening share price on April 1, 2020. The payment of the performance units from 2023 (subject to performance and presence conditions) will be calculated relative to the share price following the announcement of the results for the last financial year.

### b) 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

The performance criteria and targets to be achieved thus remain unchanged, in continuation of the goals and the mission stated prior to the COVID-19 crisis, and the elements of long-term compensation remain composed as follows:

#### a) Long-term incentive plan

On an annual basis, the Chief Executive Officer is granted performance units equivalent to an amount of €1 million, payable 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 vesting of the performance units will be subject to a three-year presence condition, except in the event of death or disability (without performance conditions), or in some cases of forced termination (the performance conditions remaining applicable).

applicable to the Chief Executive Officer and 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 achievement of specific performance conditions, evaluated over the whole of this period. Note 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 meetings of March 19 and April 3, 2020 are as follows:

	Performance	Vesting of a % of the grant
1. AF-KLM relative COI (80%) reduction in the performance gap with IAG and Lufthansa Group over three years (2020, 2021, 2022)	Performance of Air France-KLM > that of Lufthansa and IAG	Max (100%)
	Reduction in the gap with Lufthansa and IAG	100% to 50% (proportionate)
	Reduction in the gap with Lufthansa and IAG	50% to 0% (proportionate)
	Increase in the gap with Lufthansa and IAG	0%
2. CSR performance targets (20%)		See the evaluation rules below

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 (g CO <sub>2</sub> /passenger/km, including the market-based measures)	Long-term target of -20% reduction over the 2011-2020 period: to be evaluated yearly and reported in the CSR report/verify yearly if on track to reach this target
Environment	2 Improve the relationship and dialogue with the hub environment (notably on noise)	Keep the noise footprint at the same level despite an increase in the number of movements: Group noise footprint reported annually
Social	3 Improve the Employee Promoter Score (EPS)	Improvement in the EPS: monitored for Air France-KLM, Air France and KLM.
Social	4 Increase diversity	Increase the percentage of female managers
Societal	5 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)
Societal	6 Sustainable initiatives at destinations	Develop environmental and societal initiatives and sponsorship

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 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 in certain cases of forced termination (the performance conditions remaining applicable).

The number of performance units granted in 2020 will be calculated relative to the Air France-KLM opening share price on April 1, 2020. 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).

Note that Mr. Smith does not use and has given an undertaking that he 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 (notably dismissal, non-renewal of his mandate as Chief Executive Officer or linked to a change of control). Note 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, as applicable, on the target variable compensation 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 (company car with chauffeur, 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 bonus shares.

