Within a very rapidly-changing environment, the Air France-KLM Group is pursuing its transformation initiated some three years ago. Demand for air transportation is growing and opening up new horizons. To benefit from this growth and reinforce our competitive positioning, we are investing in our products and services. We are developing our dual Paris-Charles-de-Gaulle and Amsterdam-Schiphol hubs, the gateways that Air France-KLM is opening to the world. This requires resolute efforts to increase our attractiveness, competitiveness and communication with all our stakeholders.

Air France-KLM is mobilizing to create the travel of the future, an experience we envision as caring, innovative and responsible. Conscious of the leading role we can play with our customers, partners, suppliers and the industry, we enshrine innovation alongside citizenship and environmental commitment at the heart of our business strategy. This commitment is affirmed each year through our membership of the United Nations Global Compact.

Making sustainable development increasingly integral to operations, creating a growth dynamic with all our staff, finding original solutions in all areas, such are the goals which will enable us to reinvent our business.

In 2015, France will be host country for the COP21 Climate Conference. This is an opportunity to show that Air France-KLM is committed to meeting its customers’ needs more effectively and anticipating changes in our society.

Alexandre de Juniac
Chairman and Chief Executive Officer, Air France-KLM
Interview
A look back at 2014 and the outlook for the next years

WHAT IS YOUR ASSESSMENT OF THE TRANSFORM PLAN? WHAT ARE THE RESULTS FOR THE AIR FRANCE-KLM GROUP?

Alexandre de Juniac

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Deleveraging, cost savings and the upgrading of our products and services are all tangible results of the efforts made by the Group’s 100,000 employees over the past three years. The next step is to win back market share with our new Perform 2020 plan.

AND WITH AIR FRANCE AND KLM?

Frédéric Gagey

Transform 2015 proved effective and created a real momentum behind the financial turnaround for Air France. We will benefit from its effects in 2015. Air France is focusing on service quality and optimising on-board comfort. In long-haul travel, we plan to continue to install our La Première suites and our introduction team began preparing for the arrival of the 787. With Transform 2015, we have focused closely on structurally reducing our costs, reducing our net debt and, at the same time, improving our products and services.

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In short and medium-haul travel, growth requires a response to competition from low-cost carriers. This is the raison d’être of our Transavia subsidiary, through which we plan to develop our low-cost offer in Europe. Concerning maintenance—where Air France-KLM ranks number two globally—we need to be closer to our customers, particularly in North America, the leading market. Lastly, we are continuing to restructure the cargo business. Within a year, we will carry almost all cargo in the bellies of passenger aircraft. Employees are at the heart of the process. We have begun to collate their transformation proposals by way of a “bottom-up” process. I am impressed by the high response levels and by the ideas, which are really interesting.

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encourages innovation in the territories where it operates and we have signed the innovative SME Charter. We also support startups and engage in partnerships. As another example of Air France’s commitment, I am also to develop procurement from the protected sector. This year, the proportion of our procurement reserved for businesses employing persons with disabilities again increased, thereby demonstrating our confidence in them.

Pieter Elbers

KLM turned 95 in 2015 by being innovative, customer-centric and flexible. To ensure the high standard of our products, we continually invest in our business operations so that we can keep improving ourselves and become more efficient. Our staff is developing innovative solutions by sharing knowledge and experiences to optimise products. Apart from investing in our fleet, our products and our services, we are also working on central security at Schiphol, which is a crucial improvement for our customers. Since 2009, KLM has been a pioneer in service provision via social media. KLM offers a 24/7, one-stop shop, in 14 languages on six platforms, through which we engage in authentic, open and personal dialogue. We believe that by engaging actively we can learn, innovate and make a difference for our customers. KLM is working to enhance its position as Europe’s leading customer-centric, innovative, efficient network carrier. Our frontline staff already belongs to the top in Europe, but we strive to constantly outperform ourselves in terms of customer-centricity. Only then can we maintain our lead over our competitors.

WHAT ARE THE DEVELOPMENTS FOR KLM IN 2015?

Pieter Elbers

KLM has launched Flight Plan 2015. Of course, the operational side of Part 2002 includes CSR elements. We will focus on remaining at the top of the Dow Jones Sustainability Index. We have defined targets to reduce our waste, further introduce responsible catering products and our services, we are also working on central security at Schiphol, which is a crucial improvement for our customers. Since 2009, KLM has been a pioneer in service provision via social media. KLM offers a 24/7, one-stop shop, in 14 languages on six platforms, through which we engage in authentic, open and personal dialogue. We believe that by engaging actively we can learn, innovate and make a difference for our customers. KLM is working to enhance its position as Europe’s leading customer-centric, innovative, efficient network carrier. Our frontline staff already belongs to the top in Europe, but we strive to constantly outperform ourselves in terms of customer-centricity. Only then can we maintain our lead over our competitors.

Aviation industry developments

CLIMATE CHANGE

Mitigating climate change remains an important challenge in a context of resource scarcity and volatility of oil prices. Although oil prices have dropped substantially over the last year, a shift towards sustainable biofuels is crucial. Collaboration is needed to reduce CO2 by focusing on new technologies, operational efficiency, improved infrastructure and economic measures to fill the remaining emission gap.

CUSTOMER BEHAVIOR

Customer behaviour has undergone a profound transformation in recent years. Customers are well informed and sensitive to the value of the service offered. The need for a personalized service is growing, whatever the class of travel. The development of mobile devices is changing established practices: Customers share their experiences online, and expect real-time information and quick response through social media. In addition, mobile booking continues to grow. In the next few years, technological innovation will also require changes in traditional distribution systems.

REGULATIONS

Strict regulations are applied to consumer protection and security, resulting in more restrictions for customers and higher costs for carriers. Varying passenger rights around the world creates difficulties for airlines. Unlike rail transport, aviation funds all of its own infrastructure costs, both on the ground and in the air, as well as flight security and safety costs. The cost of using this infrastructure has risen steeply in the past decade.

AIRFRANCE-KLM Corporate Social Responsibility Report 2014
Financial results

The Air France-KLM Group comprises a single holding company and two airlines, Air France and KLM, each of which retains its own brand and identity. Its three main businesses are passenger transport, cargo transport and aviation maintenance services, for its own fleet and those of other airlines.

For the period between January 1 and December 31, 2014, consolidated revenues amounted to €24.91 billion, a 2.4% decrease but stable (+0.3%) like-for-like. The result from current operations was negative at €-129 million (versus income of €130 million at December 31, 2013).

CSR highlights 2014

AIR FRANCE LAB'LINE FOR THE FUTURE
14 partners
One weekly flight
Toulouse - Paris partly operated with biofuel

KLM CORPORATE BIOFUEL PROGRAM
15 partners
20 flights
Amsterdam - Aruba - Bonaire on partly on biofuel

FLIGHT OPERATIONS
3.45 liters
Fuel / passenger / 100 km

NOISE
38% reduction compared to 2000

GROUND OPERATIONS
10% reduction compared to 2013

SUSTAINABLE PROCUREMENT
75% of the 4,976 suppliers signed the Sustainable Development charter

15 Responsible catering products added on board KLM flights

SOCIAL PARTNERSHIPS
112.7 million
Miles donated by Flying Blue members

DJSI / RobecoSAM
N°1 in the Airline Industry since 2005 in the Industry Group “Transportation” for the 6th year

DISTRIBUTION OF THE GROUP’S REVENUES

Through its business activity and investments Air France-KLM contributes to economic development at its hubs and destinations.

REVENUES
€24,912 m

Result from current operations
€-129 m

BREAKDOWN OF REVENUES BY SECTOR OF ACTIVITY

- Passenger transport: 79%
- Cargo: 11%
- Aviation maintenance: 5%
- Other businesses: 5%

BREAKDOWN OF PASSENGER REVENUES BY DESTINATION

- Europe: 33%
- North America: 19%
- Asia-Pacifi c: 9%
- Africa & Middle East: 8%
- South America: 18%
- Caribbean & Indian Ocean: 13%

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AMBITION

Our ambition is to set the standard in CSR and to remain the frontrunner in the air transport industry.
As a global business, Air France-KLM enables people, economies and cultures to connect, driving economic growth and social progress. The Group assumes its responsibilities and acts to reconcile growth with environmental protection, social value and local development at its hubs and destinations.

STAKEHOLDER ENGAGEMENT
Stakeholder engagement plays a major part in Air France and KLM’s CSR strategy. Stakeholders are identified as actors that are significantly involved in the two airlines’ activities, and who can affect Air France-KLM’s ability to successfully implement its strategy. As a worldwide operator, Air France-KLM interacts with various stakeholder groups.

In 2014, Air France-KLM identified and engaged with its major stakeholders through various channels, including:
- internal barometers and events to monitor staff perception and collect suggestions for improvement;
- external stakeholder sessions;
- customer satisfaction and perception surveys;
- dialogue and evaluation of supplier CSR performance;
- exchange of best practices, benchmarks and working groups within the industry and with other large companies;
- dialogue with shareholders and investors, recommendations from non-financial ratings agencies;
- reviews and comments collected via dedicated email addresses, websites and social media;
- various engagement pathways to enable stakeholders to express grievances.

For more information about stakeholder dialogue, see p.74-75.

MATERIALITY ASSESSMENT
In 2014, Air France and KLM carried out an integrated materiality process in order to map the material CSR topics related to their business and operations. In this process, amongst others, an external study was conducted seeking the views of various stakeholder groups. To prioritize and rank the topics, internal and external stakeholder inputs were used. Surveys were conducted amongst employees, customers, corporates, and NGOs mainly in France and The Netherlands. Those included Air France-KLM senior decision makers as well. From the results, a materiality matrix was developed showing the most material aspects for the Group.

28 material aspects have been identified including safety, risk management, CO₂ reduction, biofuels, sustainable procurement, ethics, human rights. To make the matrix easier to read, these aspects were clustered into the categories: Governance, Environment, Customer Experience, Responsible Human Resources and Local Development. In 2015, the materiality identification method will be further enhanced. The results of the materiality assessment are shown above.

For more information about stakeholder dialogue, see p.74-75.
CSR strategy

The Group’s commitment is laid out in its Corporate Social Responsibility Statement, Social Rights and Ethics Charter and Climate Action Plan. To integrate CSR in business and operations, Air France-KLM CSR strategy is centered around four pillars:

- **Responsible Human Resources**
  - Maintain a responsible social policy and encourage personal development to ensure the motivation and drive of our employees.

- **Environment**
  - Reduce our environmental footprint by improving our operations, by innovating in the supply chain and by mobilizing our staff and the industry.

- **Customer Experience**
  - Integrate sustainability within the entire value chain to offer our customers sustainable and innovative products and services.

- **Local Development**
  - Create economic and social value, through our network, at hubs and destinations.

**Sustainability in Business and Operations**

- Air France and KLM have been signatories of the United Nations Global Compact since 2003 and 2006, and are committed to respecting and promoting its ten principles (see p.82).

- As such, in 2014 Air France renewed its CSR strategy, Air France Takes Care, centered around Governance, Environment, Customers, Employees, Partners and Local development. Objectives for 2020 and annual action plans are set and progress is monitored annually.
- Environmental objectives for 2020 are:
  - Aircraft energy efficiency: 20% CO₂ emissions reduction compared with 2011 (on pCO₂ / FTK);
  - Ground energy efficiency: 20% reduction in overall energy consumption compared with 2011;
  - Waste recycling and recovery: 100% of non-hazardous waste and 60% of hazardous waste recovered.

**Air France-KLM CSR governance and implementation**

- The Group Executive Committee reviews CSR strategy and performance annually, as part of the overall Group Strategic Framework, which is reviewed and approved by the Board of Directors.
- At Air France, CSR is driven by an Executive Vice President who is a member of the Executive Committee. At KLM this role is fulfilled by the CEO, who chairs the Executive Committee. Each airline has committees responsible for obtaining and monitoring the integration of CSR and associated risks and opportunities.
- At KLM these are the quarterly CSR Council and the Safety Review Board, which meets six times per year. Air France reviews CSR objectives twice a year during the Executive Committee meeting dedicated to the Integrated Management System (IMS) objectives.
- Air France and KLM CSR offices define and implement CSR policy, coordinate the Environmental Management System, and monitor roll-out of policies within businesses and operational divisions.
- Air France and KLM are ISO 14001 certified for all flights and operations.
- Employees are encouraged to contribute to the CSR objectives. Through innovation programs they can share ideas that improve work processes, efficiency and safety, or other types of CSR performance.

**Objectives and Management Indicators**

Every year, Air France and KLM senior executives formalize their commitment to CSR, through action plans with specific targets.
Air France-KLM is a limited company with a Board of directors and is organized under French Law. The Board of directors operates according to French corporate governance principles, as set out in the AFEP-MEDEF Corporate Governance Code.

Pursuant to the obligation for air transport companies to monitor and control their shareholders, Air France-KLM implements a procedure for their identification. On December 31, 2014, Air France-KLM was 57.7% owned by French interests (compared with 57.5% on December 31, 2013) and more than 73% by European institutions.

**INVESTORS**

Air France-KLM pursues regular dialogue with financial analysts, institutional investors and SRIs (Socially Responsible Investors). Beyond meetings organized to communicate financial results, senior executives regularly take part in conferences on air transport in Europe and the United States. The Group organizes Investor Days, which are an opportunity to discuss its strategic decisions.

The Group was awarded the Silver Award for “Best investor relations, all categories” at the Investor Relations and Financial Communication Forum in December 2014. The quality of information provided to investors, especially when presenting the new strategic plan Perform 2020 and the availability of Air France-KLM teams were key criteria.

**INDIVIDUAL SHAREHOLDERS**

The Group pursues a policy of active dialogue among its individual shareholders. To address shareholder concerns and to present its businesses, assets and growth potential, the Shareholders’ Club provides access to all general and financial information related to the business. The ACTION’air letter is sent to the Club’s 7,000 members on a quarterly basis. Members are also invited to information sessions at regional sites and to visits of Air France facilities.

The Consultative Committee for Individual Shareholders is consulted on a regular basis to improve the way the Group provides information and services to shareholders. The Committee is comprised of twelve members and meets with senior leaders of the Group four times per year, notably to prepare the annual general meeting.

In 2014, the magazine Le Revenu attributed to Air France-KLM the Super Silver Award for the quality of its shareholder relations, the Gold Award for the best AEM and the Silver Award for the best website in the “SBF 120 outside the CAC 40” category.

**EMPLOYEE SHARE OWNERSHIP**

Air France-KLM has one of the highest proportions of employee share ownership of the companies in the SBF 120 stock index: more than 40,000 current and former employees own 6.8% of Group equity on December 31, 2014. Two employee shareholder representatives sit on the Board of Directors. These are appointed by the employee shareholders themselves and contribute to the work of the Audit Committee.

**SHAREHOLDERS’ GENERAL MEETING, MAY 20, 2014**

- One share equals one vote
- Yes
- Number of shareholders present, represented, granting power of attorney to the chairman or voting by mail: 12,835 shareholders representing 171,499,146 shares
- Attendance rate: 57.5%
Safety

CULTURE OF SAFETY
The safety of operators rests upon a shared commitment to vigilance, individual responsibility and mutual trust. Employees play a key role in the system, which involves a continuous cycle of improvement. Air France and KLM promote a safety culture, encouraging employees to report possible unsafe situations, incidents or accidents. It makes sure no action is taken against employees who report, or are involved in a safety occurrence or hazard.

To maintain the highest level of staff skills, the Group constantly improves its training programs and implements crisis prevention plans. Communication and promotion are key in building a safety culture. In 2014, three Flight Safety workshops, based on the re-enactment of a real event, brought together over 700 employees from all Air France divisions. KLM issues SafetyFlash and e-newsletters to inform managers and employees on safety-related topics and safety principles. Safety Champions ensure awareness and inspire safe employee behavior in all divisions.

SECURITY
The Group’s security procedures aim to protect customers, employees and assets (aircraft, facilities and IT systems). They cover various measures such as risk analysis of Air France-KLM’s business and operations, and the systematic inspection of aircraft, passengers, baggage, cargo, and employees. These procedures, which are subject to strict regulation, are carried out with a constant concern for the privacy of passengers and employees.

To ensure the highest level of protection for their customers and employees in over 100 countries and 200 cities, Air France and KLM’s security departments constantly monitor international geopolitical developments. Dedicated teams are responsible for ensuring continuous flight operations and are necessary, for implementing additional security measures.

Air France-KLM is exposed to general risks associated with its business and has consequently implemented a system to identify, analyze, monitor, manage and control risks.

IDENTIFYING, ANALYSING AND MONITORING RISK
Strategic risk mapping and operational risk mapping processes have been established by all relevant entities, supervised by senior management and facilitated by Internal Audit and Internal Control. These risk maps are regularly updated and consolidated by Air France and KLM and for the Air France-KLM Group.

Examples are risks specifically linked to air transport, such as the cyclical and seasonal nature of the business, flight operational risks, the risk of terrorist attacks, geopolitical instability or sanitary events, regulatory risks such as rules related to the treatment of passengers, environmental risks, occupational risks or risks to IT systems. Other risks are linked to the airlines’ activity, such as the impact of competition with other carriers, or negotiating collective agreements and industrial disputes. Market risks (fuel, currencies and interest rates) are managed by the Risk Management Committee. Every three months, each Group entity updates the content of its operational risks by indicating the risk itself, the probability it will occur and its potential impact. These risks are discussed within the management teams with ownership of the risks.

Both specific risks to each entity and transverse risks potentially affecting the whole Group are the subject of reporting. For each of the reported risks, members of the Air France-KLM’s Executive Committee are responsible for reviewing the measures implemented to control these risks.

On a quarterly basis, a presentation on the most significant operatio nal and financial risks is made by Internal Audit and Internal Control, and presented to the Air France-KLM Group Executive Committees and to the Audit Committee, together with the measures in place for their management.

The Air France-KLM Group Strategic Framework determines strategic risk (competition, economic growth, etc.) as well as related action plans within the context of its work to establish the Group’s strategy. These risks and action plans are also discussed with the France-KLM Group Executive Committee.

INDEPENDENT MANAGING AND CONTROLLING

In addition to this enterprise risk management system, Air France-KLM has put in place internal control and audit departments. Internal control is based on the new COSO 2013 framework (Committee of Sponsoring Organizations of the Treadway Commission). The 2013 Framework defines internal control as a process, affected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Reliability of reporting,
- Effectiveness and efficiency of operations,
- Compliance with applicable laws and regulations.

Internal audits contribute to improving the operational processes, the assurance of safety and help in achieving objectives at Group level or specific objectives in the business. For further information on risk management, see Registration Document 2014, chapter 3.

G OVERNANCE
HUMAN AND CHILDREN’S RIGHTS

Based on international standards on fundamental human rights, rights at work and children’s rights, the Group aims to protect its employees, customers, workers in its supply chain and communities. The Social Rights and Ethics Charter affirms the Group’s commitment to foster a climate of trust and mutual respect in the workplace, a safe and healthy work environment and social dialogue. The Charter applies to Air France, KLM and all European subsidiaries’ employees. The Group assesses human rights risk factors within its business, covering areas including health and safety, equal opportunities, work-life balance and systems to protect the personal data of customers and staff.

To manage respect for human rights in the supply chain, suppliers are asked to sign a Sustainable Development Charter based on the UN Global Compact principles. This Charter will be supplemented in 2015 with additional supplier guidelines (see p.46).

Attention is paid to children’s rights in particular: since 2013, KLM has worked with UNICEF the Netherlands on applying the Children’s Rights and Business Principles (CRBP). In addition to implementing the CRBP in the organization, the aim is to develop airline industry guidelines.

BUSINESS CONDUCT RULES

As a framework for doing business ethically, the Group has several rules of conduct. For example, the Air France-KLM procurement and Air France HR departments each have a code of ethics in force, which is signed by members of these departments. The Board of Directors has adopted a Compliance Charter and a Financial Code of Ethics. KLM has a Code of Conduct in place that sets out the main principles concerning financial and business integrity, confidentiality, compliance and commitment to CSR.

An Air France and KLM Anti-Bribery Manual was made available at the end of 2013, accessible to all employees in French and English. 14,000 employees have been invited to complete the accompanying e-learning module on anti-bribery and corruption. The objective of the training is to increase the level of awareness of the importance of preventing bribery and corruption.

Air France-KLM actively pursues its policy against anti-competitive practices through its “Air France and KLM Competition Law Compliance Manual”. In addition, several means of prevention are made available to employees, such as two e-learning modules on competition law, a dedicated competition law hotline and specific training courses delivered by the legal staff.

To enable staff members to signal serious matters that they may be aware of, such as accountability and financial fraud or corruption, both Air France and KLM have a whistleblower procedure. At KLM this procedure is broadly applicable, enabling staff to report any type of irregularity or suspected irregularity. The policy applies to all employees working for KLM and its subsidiaries in the Netherlands and abroad.

PUBLIC POSITIONS

Air France-KLM belongs to international bodies (International Air Transport Association, Association of European Airlines) and national bodies that represent the air transport sector and advocate its public positions. Air France-KLM aims to provide governmental representatives with information necessary to understand the issues facing the airline industry, to try to drive the changes that Air France and KLM feel are necessary, and to advocate the effective implementation and application of international, European and international regulations to avoid any competitive disturbance.

An Air France representative works directly with the French Parliament and Government, and compiles with codes of conduct in force in both Chambers. Air France and KLM each have a Public Affairs Delegate, declared on Interest Representative Registers in the French and Dutch parliaments.

SUPPORT FOR A GLOBAL CARBON EMISSIONS TRADING SYSTEM FROM 2020

The EU Directive establishing the EU Emissions Trading Scheme (EU ETS) has applied to aviation since 2012. Air France-KLM supports the implementation of a market-based measures mechanism (MBM) as it benefits its environmental targets far more than a straightforward tax, provided the mechanism is non-discriminatory, workable and cost efficient. EU ETS, limited to intra-European flights, is considered a first step towards a worldwide system that should be defined at Internationally Civil Aviation Organization (ICAO) level.

Air France and KLM actively support this ICAO process with IATA and some individual airlines. Following the 2013 ICAO agreement, the EU has adopted an amendment to EU ETS regulations, which the Group welcomed. The amendment limits the application of EU ETS to intra-European flights (excluding French overseas territories), and above all should ensure greater stability in European regulations on CO2 emissions from aviation until 2020, provided ICAO is able to reach an agreement in 2016 on implementation in 2020.

The Group considers that beyond 2020, EU ETS should be replaced by a global carbon emissions trading system. This would avoid unfair competition between airlines and ensure that the effects of greenhouse gases emitted by aviation are tackled in the most effective way possible.

SINGLE EUROPEAN SKY

The Single European Sky (SES) is the result of two “legislative packages” adopted in 2004 and 2009 and is intended to overhaul air traffic control by returning European Air Traffic Management (ATM).

To date its implementation is incomplete, resulting in an average additional distance of 42 km per flight and additional carbon emissions. Air France-KLM welcomes efforts to give fresh impetus to the Single European Sky, and supports the guiding principles of the European Commission’s “SES2+” package of measures. Through active cooperation in the SESAR program (the technological pillar of Single European Sky), ACARE (dedicated to aviation research) and AIRE (a transatlantic emissions reduction initiative), Air France-KLM is committed to implementing tangible measures.

SUSTAINABLE BIOFUELS

Sustainable biofuels constitute the most effective measure to reduce air transport’s carbon footprint. Air France-KLM provides support for research and contributes to the emergence of an international market for sustainable aviation biofuels that are environmentally friendly and which positively impact economic and social development. The Group supported the European Commission’s Biofuel Roadmap 2020 initiative, which is conducted in partnership with Airbus, other European airlines and European biofuel producers.

The Dutch Government and KLM have signed a Green Deal for the 2011-2015 period, to increase demand for sustainable biofuels and shift from single projects to continuous supply of sustainable biofuels for the Netherlands and Europe. To achieve this ambition, KLM was one of the initiators of BioPort Holland, a 7-year initiative aiming to develop the first real bio-jetfuel hub in Europe. Air France is calling for the French government to give more support to French stakeholders including Air France in creating a French biofuel production pathway.

SUPPORTING THE COMPETITIVENESS OF EUROPEAN AVIATION

Air France-KLM supports the European Commission’s efforts to promote a level playing field for aviation within and outside the EU. In a global marketplace, jobs and the competitiveness of European aviation, and a fair treatment for airlines in the EU, must be at the heart of any new regulation. New European measures must be compatible with practices and regulations in force in the rest of the world, and must promote competitiveness by adapting the European social and fiscal environment. The problems faced by airlines due to significantly higher infrastructure costs in Europe than in other parts of the world, particularly in areas such as air traffic control and airport charges, require particular attention.

CONSUMER RIGHTS

Customer service, punctuality and service reliability are at the heart of the Group’s business. Air France and KLM have all necessary arrangements in place to ensure that all operational hazards are dealt with as quickly as possible. The Group contributes to the European institutions’ work on consumer rights. It remains vigilant that rules are proportionate and are applied equally to all airlines operating to and from the European Union.

GOVERNANCE
AMBITION

We aim to reduce our environmental footprint by improving our operations and processes, partnering and innovating in the supply chain and by mobilizing our staff and the industry.
## CARBON FOOTPRINT

| AIR FRANCE | 2020 | 86 g CO₂ / passenger / km or 3.45 liters of fuel / passenger / 100 km 6.7% reduction compared to 2011 |
| KLM | 2014 | Fuel savings: 50 million liters (128,000 tons of CO₂ emissions saved) |

## MAIN ACHIEVEMENTS 2014

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>MAIN ACHIEVEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>11 flights operated - Launch of the Lab’line initiative: 14 partners</td>
</tr>
<tr>
<td>2014</td>
<td>20 flights with biofuel from Amsterdam to Aruba and Bonaire - Volumes of biofuel tripled in 2014 (compared to 2013) - 15 partners in KLM Corporate BioFuel program</td>
</tr>
<tr>
<td>2014</td>
<td>Air France: A320s fitted with noise reduction kits by 2016 - KLM: Final 5 MD11s phased out</td>
</tr>
</tbody>
</table>

## LOCAL AIR QUALITY

| AIR FRANCE | 2014 | Estimated NOx emission reduction due to 4,250 hours less APU use |
| 2014 | 40% of KLM GSE at Schiphol Airport are electric |

## LOCAL AIR QUALITY

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>MAIN ACHIEVEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>Fuel savings: 8.8 million liters (22,000 tons of CO₂ emissions saved)</td>
</tr>
<tr>
<td>2014</td>
<td>One weekly Toulouse-Paris flight since September 2014: - 11 flights operated - Launch of the Lab’line initiative: 14 partners</td>
</tr>
<tr>
<td>2014</td>
<td>20 flights with biofuel from Amsterdam to Aruba and Bonaire - Volumes of biofuel tripled in 2014 (compared to 2013) - 15 partners in KLM Corporate BioFuel program</td>
</tr>
</tbody>
</table>

## WASTE

| AIR FRANCE | 2020 | 100% of non-hazardous waste and 90% of hazardous waste recycled |
| 2020 | Non-hazardous waste recycled: 26% | Hazardous waste recycled: 75% |

## BIODEIVERSITY

| 2015 | Project HOPE: study carried out on 4 French airports |
| 2020 | 15 new products added to responsible inflight catering offer - Thus far, 80% of non-sustainable soy and palm oil replaced by responsible alternatives |
Key figures

**CARBON FOOTPRINT**
27.7 million tons CO₂

**BREAKDOWN OF CO₂ EMISSIONS FOR FLIGHT AND GROUND OPERATIONS**
- 0.3% General operations
- 19.7% Short and Medium haul
- 80% Long haul

**FUEL CONSUMPTION**
- 8.8 million tons fuel consumed
- 3.45 liters/passenger/100km compared to 2011

**WASTE**
- 57,895 tons Non-hazardous waste
- 5,808 tons Hazardous industrial waste

**WATER**
- 793,000 m³

**ENERGY**
- 825,690 MWh

**ENVIRONMENT**

**NOISE**
- 38% reduction in global noise energy compared to 2006, with a 7% increase in movements

**ENVIRONMENT**

**CLIMATE CHANGE POLICY**

Aviation’s contribution to man-made greenhouse gas emissions is between 2 and 3%. However, growth in global air traffic over the coming decades will increase aviation’s contribution if no action is taken.

**INDUSTRY COMMITMENT TO CO₂-NEUTRAL GROWTH FROM 2020**
Air France-KLM supports the sector’s global commitment to make a fair contribution in the collective effort to reduce CO₂ emissions related to air transport. In 2009, the International Air Transport Association (IATA) set an ambitious worldwide commitment:
- 1.5% average annual fuel efficiency improvement until 2020 (excluding economic measures);
- Carbon neutral growth from 2020 onwards;
- A reduction in net aviation CO₂ emissions of 50% by 2050, relative to 2005 levels.

**CLIMATE CHANGE ADAPTATION MEASURES**
In its 2014 report, the Intergovernmental Panel on Climate Change (IPCC) evaluated the impacts of climate change. These impacts, including precipitation changes, wind changes, and more extreme weather events, pose potential risks to flight operations. Above all, the goal of air transport is to guarantee flight safety, security, and to provide the best-possible service to customers. Due to the Group’s large network and diverse fleet composition, Air France and KLM are already accustomed to operating under different weather conditions and are relatively flexible in adapting flight schedules when necessary. Nevertheless, the Group regularly conducts comprehensive risk analyses to improve and optimize existing policies. Air France and KLM have developed special programs in which employees are trained to manage emergency situations. Both airlines work together with airports to ensure safe operational and passenger handling conditions.

**AIR FRANCE-KLM’S CLIMATE ACTION PLAN**
The Group is mitigating impacts on climate change in the following ways:
- Pursuing fleet modernization and contributing to aeronautical research;
- Involving staff and external stakeholders on fuel reduction and energy efficiency action plans;
- Stimulating the use of sustainable aviation biofuels and being involved in research for renewable energy;
- Supporting environmental protection programs led by NGOs;
- Providing customers with information on their travel-related CO₂ emissions and the opportunity to offset these;
- Supporting efforts towards achieving a global climate agreement, with a fair contribution for aviation.

**ASSUMPTIONS**

- Technology, operations, infrastructures
- Additional technologies, biofuel
- Economic measures

**SHARE OF TRANSPORT IN GLOBAL MAN-MADE CO₂ EMISSIONS**

Source: GIEC, Stern Review

- Air transport
- Marine transport
- Land transport
- Other industries
Air France and KLM: Reduce CO2 emissions by 20% compared to 2011 (tons/km)

AMBITION 2020
Air France and KLM: Reduce CO2 emissions by 20% compared to 2011 (tons/km)

FLEET MODERNISATION
By investing in a modern, more energy- and fuel efficient fleet, Air France-KLM is improving both its economic and environmental performance. The Group currently has standing orders for twenty-five Boeing 787 Dreamliners, and twenty-five A350s. These are due to be delivered from 2015 onwards. In 2014, Air France took delivery of its tenth Airbus A380. Two Boeing 747-400ERFs, one A318ER and three A320s were withdrawn from the fleet. KLM phased out its remaining five MD11s. The routes are now operated by A330-2/300 and B777-200 aircraft, which are approximately 20% more fuel efficient per seat, thus emitting 20% less CO2. More information on Air France-KLM fleet, see p.78 and Registration Document 2014.

OPERATIONAL EFFICIENCY
Reducing weight carried on board
The lighter an aircraft is, the less fuel it consumes.
- One kilogram less weight carried onboard an Air France flight saves around 49 litres of CO2 per year.
- In 2015, Air France’s medium-haul fleet will be fitted with new lighter seats. The total reduction in CO2 emissions will amount to 1,400 tons for the A319 fleet and 2,300 tons for the A320 fleet.
- New Economy class seats will be installed in KLM’s Boeing 777-200 fleet in 2015. They weigh only 11.6 kg, and are the lightest in their class.
- KLM has been digitizing its paperwork. KLM Cityhopper has digitized the onboard cabin crew documentation and introduced tablets to replace pilot flight bags. KLM Cityhopper is the first European airline to have digitized all of its on board documentation.
- KLM Inflight’s efforts to reduce the weight of inflight products have enabled a CO2 reduction of almost 800 tons in 2014.

Optimizing the use of airspace
Improvements in fuel efficiency are made through the optimization of routes and flight paths, the reduction of aircraft waiting times and optimized altitudes (also see Public positions p.21).
- Air Traffic Control (ATC) impact on Air France Group’s fuel consumption has been estimated at 6% or around 10,000 tons per year. In 2014, Air France launched a program with ATC to reduce waiting times on the approach to Paris-CDG, and so reduce fuel consumption.
- Route optimization resulted in a CO2 reduction of approximately 4,000 tons for KLM in 2014.

Eco-piloting in the air and on the ground
Pilots are trained to apply the most fuel efficient procedures possible: flight plan precision, speed adjustments and optimized procedures, tailing with one engine, and using of electric aircraft Ground Power Units.
- Air France has extended the France-Italy WE-Free program to other European destinations with flights operated via direct routes, and so using less fuel. The Engage program ensures that speed and altitude are optimized for flights between Paris-CDG and North America.
- In 2014, KLM implemented a new take-off procedure (NADP2), and is now in use for all flights departing from Amsterdam, and on 90% of other flights. Other fuel saving project examples include: introduction of lightweight plastic PET-bottles for wine, reduction of the weight of cargo nets, and implementation of a more fuel-efficient take-off roll procedure.

Using sustainable biofuels
Air France-KLM considers the transition from fossil fuels to renewables a priority to ensure the future of commercial aviation. The Group’s strategy is to explore and contribute to the entire value chain from research to commercialization and to set an example for the rest of the industry. Partnerships are important to accelerate the development of a market for sustainable biofuels. For more information see p.21 and 30.

Offsetting emissions
Air France and KLM offer a CO2 offsetting service for their customers. Both airlines provide CO2 emission calculators on their websites, which can determine CO2 emissions of a passenger based on the distance flown and fuel-efficiency data of aircraft. These emissions can then be offset via certified sustainable carbon reduction credits. These are obtained through Air France’s partnership with GoodPlanet and KLM’s CO2ZERO program, which invests in Gold Standard projects.

KLM’s Fuel Plan aims to reduce fuel use through various projects, focusing on: fuel policies, fuel standards, accurate planning information, route optimization, and weight reduction. A total of 15,000 tons of CO2 were saved by KLM in 2014 through this Fuel Savings Plan. The largest fuel savings project consisted of the implementation of a new take-off procedure. This is called Noise Abatement Departure Procedure2 (NADP2), and is now in use for all flights departing from Amsterdam, and on 90% of other flights. Other fuel saving project examples include: introduction of lightweight plastic PET-bottles for wine, reduction of the weight of cargo nets, and implementation of a more fuel-efficient take-off roll procedure.

Carbon footprint
Air France and KLM have set the target to reduce CO2 emissions by 20% by 2020, as compared to 2011. To achieve this ambition, a diverse set of measures has been laid out, focusing mainly on fleet renewal, operational efficiency, sustainable biofuels, and carbon offsetting.

Environment

<table>
<thead>
<tr>
<th>Year</th>
<th>CO2 Emissions and Traffic</th>
<th>Group Specific Fuel Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>3.45 L/passenger/100km</td>
<td>3.45 L/86 g</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>3.50 L/93 g</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>3.65 L/105 g</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>3.80 L/110 g</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td>4.00 L/115 g</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>4.20 L/120 g</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td>4.40 L/125 g</td>
</tr>
</tbody>
</table>

For more information on fuel consumption have been developed for medium-haul aircraft, such as A318s and A319s, which invests in Gold Standard projects.
Sustainable biofuels

The use of biofuel as compared to conventional fuel can reduce CO₂ emissions by up to 80% when used on a large scale. Air France and KLM have shown that flying on biofuel can be done both safely and sustainably. The ambition is to stimulate the biofuel market, whilst taking strict environmental, social and economic criteria into account. Air France and KLM have entered into new and innovative partnerships with corporate clients as well as suppliers, airports and logistic partners to increase supply volumes for bio-jet fuel. The use of different types of renewable feedstock is supported, provided they meet stringent sustainability criteria. These include substantial reduction in CO₂ emissions, a minimal impact on biodiversity, no competition with food production or the availability of food resources, and a positive impact on the social development of local communities.

SECURING STRICT SUSTAINABILITY CRITERIA
To ensure sustainability of the feedstock, Air France and KLM joined the Roundtable on Sustainable Biomaterials (RSB) in 2008 as one of the founding Sustainable Aviation Fuel Users Group (SAFUG) members. In the SAFUG more than 30 major airlines are united to align sustainability policies for biofuels. The standard of the RSB is included in the European Commission’s Regulation (RED) and was recognized by, amongst others, WWF, IUCN, and NRDC as best in class.

KLM uses SkyNRG’s independent Sustainability Board, which includes WWF-NL, Solidaridad, and the Science Institute Copernicus, as an advisory platform for sustainability issues pertaining to the supply of biofuel.

COLLABORATION TO STIMULATE THE MARKET
Air France and KLM collaborate with customers and other partners to stimulate the offtake of sustainable biofuels for aviation.

Air France is active in the the SYNDIESE project to produce biofuel from forestry waste conducted by the CEA (Atomic and Alternative Energies Commission).

KLM collaborates with the Dutch Government, Neste Oil, Port of Rotterdam, SkyNRG and Schiphol Airport to scale up production of sustainable jet fuels in the Netherlands in the joint initiative BioPort Holland. The initiative won the Sustainable Bio Award for best collaboration of the year.

KLM Corporate BioFuel Program (including 15 partners in 2014) enables investment in the offtake of sustainable fuels for aviation (see p.49).

SUPPORT REGULATORY INCENTIVES
Air France and KLM also support regulatory incentives stimulating the biofuel market.

Both airlines have been participating in UN Sustainable Energy for All (SE4ALL) and European Commission Biofuel FlightPath 2020 internationally. The FlightPath aims to reach an annual production of 2 million tons of sustainably produced biofuel for aviation by 2020.

In France, the Ini-FCA (Future Alternative Fuels Initiative) led by the French Civil Aviation Authority, is working towards the production of 200,000 tons of biofuel in France by 2020.

In 2014, the Dutch government announced it would join the KLM Corporate BioFuel Program, to incentivize the biofuel market.
Noise

Noise is one of the main themes of Air France-KLM’s environmental policy. The Group aims to meet the increasing demand for mobility, without compromising acceptable noise thresholds for people living near airports.

REDUCING NOISE
Renewal and modernization of the fleet have a major impact on the noise reduction at airports. The Group is pursuing its ongoing investment in fleet renewal. All aircraft operated meet the criteria laid out in the ICAO’s Chapter 4, the most demanding in terms of acoustics for civilian aircraft. In 2014, KLM finished phasing out its MD11 fleet, which was replaced by quieter aircraft to structurally improve noise impact.

In addition, the Group is involved in developing noise abatement procedures. Both airlines are working to improve departure and approach procedures, along with the French and Dutch civil aviation authorities, which are assessing environmental benefits. KLM implemented the new Noise Abatement Departure Procedure 2, which significantly reduces noise pollution and emissions in areas close by as well as the new Noise Abatement Departure Procedure 2, which significantly reduces noise pollution and emissions in areas close by as well as various other means of noise reduction.

The Group is also working to reduce noise in urban planning considerations, and includes financial help for soundproofing homes. Air transport is the only industry that fully finances such a comprehensive noise hindrance reduction system. In 2014, Air France-KLM paid 31.5 million euros towards soundproofing.

Air quality

Air France is involved in the air protection plan in the Paris area, through its employee business travel plan. The plan aims to reduce emissions caused by commuting through measures promoting public transport use and a car pooling website. Of the 44,000 employees concerned, 79% travel to work by car and have an average daily commute of 1 hour and 30 minutes.

This topic is important both in terms of the environment as well as health and safety at work. Air France is a partner in inter-company travel plans at Paris-CDG and Paris-Orly airports, in order to take effective joint action on responsible transport.

In 2014, employees at Villemure-le-Roi and Orly tested electric bikes over a long journey and completed a questionnaire on eco-friendly transport. To encourage the use of sustainable transport, Air France installed 30 electric vehicle- charging points in its staff car parks in 2014.

Air France mobility plan for employees

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Cleaner vehicles and equipment

Air France-KLM prioritizes electric vehicles for airport ground transportation. This plan extends to ground handling equipment that is mainly powered by diesel. Almost half of the 1,000 items of ground support equipment (GSE) used at Paris-CDG and 40% of the KLM GSE at Schiphol airport are electric. To reduce emissions in the immediate environment of aircraft handling areas, KLM aims to increase the percentage of electric GSE equipment to 60% in the coming years.

Operational procedures

Together with Paris-CDG and Schiphol Airport, Air France and KLM aim to lower emissions of NOx and CO2 of aircraft ground handling. As part of the Airport-Collaborative Decision Making project, Air France has succeeded in reducing taxiing time by 3 minutes at Paris-CDG. Rather than using kerosene-powered APUs (Auxiliary Power Units), Air France and KLM use electric APUs (Fixed Power Units) where possible to power aircraft and ACUs (Air Conditioning Units) which maintain an acceptable temperature on board aircraft. The APUs, as well as an increasing number of aircraft towing trucks have been equipped with automatic power shut down systems.

At Air France, maintenance, ground operations and flight divisions have been working to reduce the use of GPFs. In addition to this, new air conditioning equipment has been introduced at Paris-CDG, Guadeloupe, Martinique and Réunion Island. This has resulted in an 11% reduction in APU fuel consumption compared to 2013. Currently 70% of the Pre-Conditioned Air (PCA) units at KLM are electric. Towing aircraft using external power (not using APUs) resulted in a saving of more than 2,000 tons CO2 emissions in 2014 at Schiphol.
KLM: “No waste of resources and materials” ambition should address. Air France and KLM follow four principles to enable manner is one of the main environmental issues the Group should address. Air France and KLM follow four principles to reduce the impact of waste: redesign, reduce, re-use, and recycle.

**AMBITION 2020**

Air France: 100% of non-hazardous waste and 60% of hazardous waste recovered. KLM: “No waste of resources and materials” ambition 100% waste recycling and recovery

**ONBOARD WASTE**

Throughout the year, the Group monitors sources of waste. Onboard catering produces about 70% of all non-hazardous waste. The key to managing this onboard waste sustainably, is through preventing waste by redesign and by separating the waste correctly. At Air France a significant proportion of reusable equipment, like trays, drawers, blankets and trolleys, is recycled every year. Items designed with eco-design approaches, which take the entire life cycle of products into account, are favored. Four families of materials are recycled: Plastic, metal, textiles and paper. Most textiles are recycled and used in the manufacturing of insulation materials for cars; plastics are mostly reused in the production of new materials such as Air France’s drawers and serving trays.

At KLM, waste has been reduced by decreasing the amount of packaging used for onboard catering products. The redesign of cardboard packaging for sandwiches has resulted in an annual saving of 20 tons of waste. Additionally, KLM has been separating onboard waste with cup-collecting compartments in trolleys on all European flights since 2013. This not only makes recycling easier, it also saves space by stacking the cups. Glass, cars, aluminum lids and PET bottles are also separated when collected, and recycled. During turnaround at the gate, the aircraft is serviced and cleaned. KLM’s cabin cleaning teams use special color-coded wheelie bins to separate paper and cardboard. Customers on intercontinental flights are invited to leave newspapers in the front row, for easier collecting. 587 tons of recyclable paper and cardboard are collected annually. Due to regulations, food waste generated by intercontinental air transport has to be incinerated and is used to produce energy.

**UPCYCLING**

In 2014, Air France conducted a study on waste management within the company. An e-learning module was developed to raise employee awareness on waste recycling and compliance with legislation. It also aims to optimize transport solutions during the waste management process, decreasing not only transportation cost, but also environmental impact.

Air France and KLM work with various partners to promote the circular economy and to identify wider potential scope for recycling. In 2014, both took part in feasibility studies to set up circular economy initiatives in the area surrounding Paris-CDG and Schiphol airports. Air France and KLM are also working on initiatives to upcycle waste into new uses. At Air France, re-useable components like medical equipment are recovered from out-of-date on-board survival kits. Outdated life vests are used to manufacture travel amenity bags and kits. In 2014, 14,800 used life vests were recovered from aircraft.

Since 2013, used KLM uniforms and old Business class car- peting were recycled into fibers used to manufacture the carpets for the New World Business Class. The 90,000 kilos of textile that remained after the ladies uniforms were changed in 2010 was transformed into a felt-like raw material, visible in the blue details of the new carpet. A total of 904,000 kilos of textile that remained after the ladies uniforms were changed in 2010 was transformed into a felt-like raw material, visible in the blue details of the New World Business Class. 14,800 used life vests were recovered from aircraft.

In 2014, 39 tons of used carpet were given a new life as carpeting for employees on waste management and to break- ing of goods. About 4,300 employees took part in the event.

**AIRCRAFT PARTS AND METALS**

Air France and KLM have programs for recycling aircraft maintenance waste. A proportion of this waste is re-used to manufacture new parts. 174 tons of aircraft parts and 80 tons of metal were recycled in 2014 at KLM. Air France has recycled 20.7 tons of aeronautic metal. In addition, a dismantling and recycling process has been set up to accompany the fitting of new seats on long-haul aircraft. The process includes procedures to reuse and re- use spare parts and to recycle used foam and metals. Each year, KLM Engineering & Maintenance (KLM) assesses which waste streams can be re-used or recycled in KLM’s ScrapPlaza program. Where possible the principle of cradle-to-cradle is applied to bring waste back into a new production cycle with the goal of streaming and control- ling all technical waste flows. In 2014, ScrapPlaza focused on recycling the plastics waste stream and investigated reuse opportunities for plastic cabin components. Orange waste bins (conic for separating plastics in the Nether- lands) were placed in all E&M buildings. Furthermore, used mainte- nance tools are auctioned amongst staff, and the money collected is donated to a good cause.

**Breakdown of recovered non-hazardous waste at Air France-KLM**

<table>
<thead>
<tr>
<th>Material</th>
<th>Recycled Waste</th>
<th>Total Waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Cardboard</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Wood</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Organic</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Glass</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Metals</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Plastics</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Combustible</td>
<td>69%</td>
<td>69%</td>
</tr>
<tr>
<td>Waste (with energy recovery)</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Reducing Paper Waste**

With the increasing use of digital newspaper apps, KLM Inflight services noticed many leftover newspapers after flights. To reduce this paper waste, the amount of newspapers stocked onboard has been optimized, varying for outbound and inbound flights. For example, on European Business Class flights, newspapers are provided for 40% of passenger on board. However, there is always a minimum number of papers provided. This initiative has resulted in 20% reduction of newspaper waste and a cost reduction of around €2 million over the past three years.

At KLM’s Ground Services divisions, manuals are no longer available in hard copy, but instead are provided digitally. These are constantly updated, which constitutes an additional benefit. This has resulted in a paper saving of over 375,000 sheets of paper annually.
Energy and water

Air France-KLM aims to reduce energy consumption, improve energy efficiency and increase the use of sustainable energy for its buildings, offices and warehouses.

AMBITION 2020
Air France and KLM 20% energy efficiency improvement (baseline 2011)

ENERGY CONSUMPTION AND EFFICIENCY
At Air France, the target to reduce energy consumption applies to all divisions through annual objective contracts. The goal in 2015 is to reduce energy consumption by 2% compared to 2014. To achieve this objective, the IT Operations division that manages two data centers has upgraded its site in Valbonne by combining energy efficiency, innovation in sustainable development, with cost and carbon footprint reduction.

Suppliers play a key role with regards to saving energy. The Maintenance division, which operates in large hangars, signed an energy supplier contract in 2013, including an annual target to reduce energy used by heating by 12.5% (at constant unified degree days). At the end of 2014, the goal had not only been reached, but went on to be more than doubled, achieving a 30% reduction.

At Servair, a total energy consumption audit was carried out in 2014. In addition, an assessment procedure identified excessive energy use at a site in Paris-CDG. As a result, the temperature management system was changed to better regulate energy demand during periods when heating was switched on. This investment helped to reduce energy consumption by 50%, or more than 600,000 kWh in the first quarter 2014, equivalent to the annual electricity consumption of 75 people.

KLM implemented the Energy Efficiency Plan 2013-2016, outlining a range of measures to reach the annual target of 2% efficiency improvement. In 2014, replacing cooling systems achieved significant energy efficiency improvements. One building installed a cooling system utilizing more environmentally friendly refrigerants, saving 190,000 kWh yearly. KLM’s data-center was equipped with new chillers, which are expected to generate savings of 570,000 kWh on an annual basis. The new cooling system within KLM Information Services was changed to better control water consumption, such as regular monitoring and by installing water meters and eliminating the least water efficient machines.

KLM Catering Services has reduced the amount of water used for dishwashing through a series of preventive measures including installing water meters and eliminating the least water efficient machines. To preserve water resources, Servair has implemented several measures to better control water consumption, such as regular monitoring and by installing water meters and eliminating the least water efficient machines.

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SUSTAINABLE ENERGY
Air France and KLM invest in sustainable energy for their ground operations. Since 2002, KLM has been operating heat pumps with aquifers. Aquifers are underground water-bearing reservoirs in which thermal energy can be stored. Currently, KLM uses 5 heat pumps with aquifers, which generate enough energy to heat and cool 5 buildings. The amount of sustainable energy generated by these heat pumps in 2014 was an equivalent of 710,000 kWh of electricity, and 89,000 m³ of natural gas.

SAVING WATER
As an airline group, the most significant water consuming divisions are catering (accounting for about 45% of total water usage), and engineering and maintenance (25%). KLM Catering Services has reduced the amount of water used for dishwashing through a series of preventive measures including installing water meters and eliminating the least water efficient machines. To preserve water resources, Servair has implemented several measures to better control water consumption, such as regular monitoring and by installing water meters and eliminating the least water efficient machines.

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Research and innovation

CLIMATE RESEARCH
Since 2013, Air France has participated in the European project IADOS (In-service Aircraft for a Global Observing System) by carrying atmospheric measuring equipment on board an Airbus A340. The information collected is of great interest to researchers as destinations including the Caribbean and West Africa are served, which are not widely served by other airlines supporting this project. The data collected is made available to international meteorological centers and scientists worldwide, which is particularly useful for studying the carbon cycle and verifying CO₂ emissions.

EUROPEAN SKY
In 2014, Air France joined the SESAR Deployment Alliance, an organization in charge of planning and coordinating the comprehensive modernization of European airspace. The organization is appointed by the European Commission and comprises 4 airlines, 25 airports and 11 air traffic control services. It will be in charge of supervising the implementation of almost 3 billion euros worth of air traffic control infrastructure improvements in Europe to enhance efficiency, reduce delays and increase environmental performance.

ELECTRIC TAXIING
Air France has worked on developing Honeywell and Safran’s EGTS system (Electric Green Taxiing System) on Airbus 320 since 2013, which aims to significantly reduce the use of engines and vehicles for aircraft ground movement. This reduces costs, as well as the amount of gas emitted and noise. Equipping an aircraft with the EGTS system can reduce nitrogen oxide (NOx) emissions by around 50%. In 2014, Air France introduced a new Green Taxiing project for long-haul aircraft.

PROGRESS ON CLIMATE CHANGE, NOISE AND AIR QUALITY
The vice-chairman of Air France-KLM has chaired ACARE, the Advisory Council for Aviation Research and Innovation in Europe since 2013. ACARE advises the European Commission on aviation research, policy and regulatory framework development, contributing to a more environmentally friendly aviation sector, while maintaining the competitiveness of European airlines. This includes innovation in bioterror, aircraft design, passenger perceptions at airports and European certification processes for aircraft components and systems. KLM is member of the ACARE NL steering board, chaired by the Dutch Ministry of Economic Affairs and including members from other Ministries, the aeronautic industry, universities and Schiphol Airport.

Air France is a member of the steering committee of COPAC, the French ACAPE national council. COPAC brings together all stakeholders in French aeronautics research to develop the aircraft of 2050. To move from basic research to the development of a prototype, research areas range from the airframe and engines to energy systems.

Air France also participates in various working groups: IRD-QUA aims to reduce aircraft noise, and the INI-FCA works on the development of sustainable biokits.

KLM participates in projects that aspire to create a market for renewable aviation biofuel. Through the project IATAW, the production of organic fuels is underway. The RENJet project funded by the Climate KIC looks into various elements in the supply chain. Project BioPNP, in which KLM is consortium partner, focuses on the production of renewable kerosene from lignin waste streams and initiates the ASTM certification process.

Air transport affects biodiversity indirectly through CO₂ emissions, as well as through impact related to in-flight food production.

SUSTAINABLE CATERING
Air France and KLM serve a total of 85 million meals and snacks per year. Given the amount of products needed to produce these meals, the choices made regarding catering products can significantly impact biodiversity. Air France and Servair favor local, seasonal and responsible products for onboard catering. In 2014, Servair used over 200 tons of organic produce, 8.7 tons of AOP/AOC (Protected Designation of Origin) wine and Champagne. KLM strives for 100% responsible catering products by 2020 on flights from Amsterdam. This means selecting products that are produced responsibly, come with less packaging, a smaller energy footprint, and which are respectful of animal welfare.

The focus is on preservation of biodiversity. KLM aims to introduce at least 15 responsible catering products on board each year including MSC certified fish and Honest chicken and eggs. Some of these products are principally served on flights from Schiphol, because sourcing certified foods is challenging in certain areas of the world. However, success was achieved in Suriname where locally caught MSC-certified prawns were served and served on flights to Amsterdam, a good example of what can be done to reduce biodiversity impact, as tawing of wild shrimps has a huge impact on the coastal area.

Further goals include sustainable soy and palm oil used in all catering products (currently 60%) and the inclusion of fruits and nuts.

Biodiversity

In 2014, HOP! Air France launched an innovative collaboration-based project to assess biodiversity around airports, identify best practices and promote natural resource management, within the constraints of airport operations taking place. A study was carried out on four volunteer airports in France by HOP!’s scientific committee, which is made up of researchers and multidisciplinary academics. The initiative, which brought together HOP! staff, airports and local stakeholders is set to continue, with the aim of getting other partners involved in the shift to a green economy.

As part of its partnership with WWF-NL, which started in 2007, KLM financially supports three conservation programs: the Coral Triangle in Indonesia, the Bonaire Marine Park and the APRA program in the Amazon. The APRA program supports biodiversity programs across a vast tract of the Amazon region (around 15% of the surface area and 60 million hectares) to protect and enforce the recovery and conservation of biodiversity.

The forest conservation project in Madagascar, supported by Air France since 2008 and co-funded by the French Development Agency (AFD) and the French Global Environment Facility (FEM) since 2014, contributes to the development of local communities while protecting the biodiversity of the island. The second phase of the project (2014-2017) aims to strengthen conservation activities, expand and improve the propagation of sustainable alternatives to deforestation, and to validate the project under one of the existing REDD+ international label. In 2014, HOP! Air France launched an innovative collaboration-based project to assess biodiversity around airports, identify best practices and promote natural resource management, within the constraints of airport operations taking place. A study was carried out on four volunteer airports in France by HOP!’s scientific committee, which is made up of researchers and multidisciplinary academics. The initiative, which brought together HOP! staff, airports and local stakeholders is set to continue, with the aim of getting other partners involved in the shift to a green economy.

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Sustainability labels
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**AMBITION**

We incorporate our CSR commitments into the customer experience by offering high quality products and services. Together with our suppliers and partners, we take sustainability into account throughout the entire value chain.
Our approach

Air France-KLM’s commitment to CSR extends to the development of the products and services provided to customers. This approach integrates sustainability in the value chain:
- from the development stage to purchasing and delivery of products and services;
- based on customer dialogue, taking into account environmental and social criteria in specifications;
- with an integrated sustainable procurement policy, collaborating with suppliers and partners.

Objective

CUSTOMER DIALOGUE AND CO-CREATION
- During all stages of developing products and services:
  - Customer behavior analysis,
  - Identification of requirements,
  - Benchmark studies,
  - Customer trials.
- Monitor quality & customer satisfaction.
- Involve customers in CSR initiatives.

For further information see p.44-45

SUSTAINABILITY IN PRODUCTS AND SERVICES DEVELOPMENT
- Eco-design
  - Applying eco-design principles in the product specification process.
  - Integrating environmental and social criteria into the product specifications where relevant.
- Involving all stakeholders throughout the design process (branding, marketing, technical divisions, procurement, etc.)

A sustainable procurement strategy
- At all stages of the procurement process, from the tender to the signature of the contract and through Supplier Relationship Management.
- Focusing on Code compliance, supply chain CSR risk management, and CSR opportunities.
- Building a high level of awareness of CSR risks and opportunities among buyers and product management.

For further information see p.46-47

CUSTOMER EXPERIENCE

OBJECTIVES

CUSTOMER DIALOGUE
- Reinforce programs supporting customer dialogue
  - 20,000 members of Quality Observers program provided more than 25,000 flight reports
  - Up to 1 million answers to eSCORE surveys on customers satisfaction
  - Deployment of Net Promoter Score as the indicator for customer recommendation

Further involve customers in CSR initiatives
- Further development of KLM Takes Care online platform
- Lab’line for the future: study on the customers’ vision of responsible travel of the future

MAIN ACHIEVEMENTS 2014

SUSTAINABLE PRODUCTS AND SERVICES
- Launch of Lab’line for the future: Air France started its operations with sustainable biofuel on a weekly Toulouse-Paris-Orly flight, making this route a showcase for sustainable innovation
- Complete deployment of the KLM new World Business Class on 747 fleet and start overhaul 777 fleet
- 3 new partners in KLM Corporate BioFuel Program
- 15 new responsible catering products onboard KLM flights
- 20,000 members of Quality Observers program provided more than 25,000 flight reports
- Up to 1 million answers to eSCORE surveys on customers satisfaction
- Deployment of Net Promoter Score as the indicator for customer recommendation
- Further development of KLM Takes Care online platform
- Lab’line for the future: study on the customers’ vision of responsible travel of the future

SUSTAINABLE PROCUREMENT
- Supply chain CSR risk approach implemented
- 75% Suppliers signed the Sustainable Development Charter
- 179 Suppliers assessed on their CSR performance
- Supplier guidelines developed, in collaboration with UNICEF- NL
Dialogue with customers

Customer dialogue is key to providing high quality and sustainable products and services.

Customer Insight
The Air France-KLM Customer Insight department conducts research on customer understanding and customer satisfaction. It also carries out benchmarking, specific customer research and data analysis, with a constant respect for the privacy of customer data.

Co-creation
The customer is placed at the center of products and services development. The customer is co-created. For example, in 2014:
- Air France carried out several customer tests on new long-haul catering.
- A co-creation program was implemented with top-members of the Flying Blue program.
- KLM organized a study on customer expectations about services.

Customer analysis
Air France-KLM carries out surveys, inflight trials and focus groups to ensure that customer feedback is systematically taken into account during the development of new products and services:
- Around 35 tailored studies are carried out per year among 22,000 Flying Blue customers and 500 Intouch customers.
- 35 studies were conducted among other Air France-KLM customers and potential customers to understand their needs.
- Customer complaints are analyzed and reported monthly, to understand key product and service challenges, and define possibilities for improvement.
- In 2014, the Net Promoter Score (NPS) indicator was deployed as the standard indicator used to monitor customer recommendation.

Benchmarking
Market research and industry-wide studies (such as Airstfift and the IATA Frequent Flyer Program benchmark) enrich analysis of the competitive environment. Part of this information is shared within the Group via a dedicated intranet. Benchmarking and collaboration are also done with other companies with similar customers, such as the Accor hotel group, with whom a joint project was carried out about hotel and airline bookers’ purchasing behavior.

Monitor customer satisfaction
- Air France-KLM fully rolled-out its innovative “Quality Observer” program in 2014. Flying Blue customers who are members of this community can perform quality audits, to check if services are delivered as expected. Around 20,000 frequent customers have now signed up to this program, using an app and a dedicated website to provide over 25,000 quality observations annually.
- 2014 was the first full year for eSCORE. This online program measures passenger satisfaction on all Air France and KLM flights, with specific and tailored questions. The information gathered contains passenger profiles and choices, as well as satisfaction scores covering the entire customer experience. Over 1 million responses were received and analyzed to constantly improve and customize products and services.

Customer survey
- Air France KLM undertakes numerous initiatives designed to achieve excellence in customer service. In 2014:
  - Air France integrated the Signatures of Services values, aimed at a “caring attitude”, as an overall standard of conduct for the entire organization, including managerial attitudes and staff recognition schemes.
  - The Signatures of Service were deployed in more than 100 Air France-KLM outstations (50% of the total number) and an empowerment approach is being deployed to promote frontline staff initiatives.
  - KLM Lost & Found: a dedicated service was set up to return items found by cabin crew or by KLM airport staff to their owners as soon as possible, using all available information like seat and phone numbers and social media details. The service was launched with the successful “Sherlock” campaign, and initial results show that around 80% of found items are now returned.

CSR Priorities Viewed by Our Customers

- CSR monitor study
  The CSR perceptions study carried out among Flying Blue customers was updated in 2013. This study aims at determining which CSR initiatives are considered as a priority for the Group. As shown in the figure below (the size of text corresponding to the level of relevance), the top three items quoted were: investing in a modern fleet, reducing waste and supporting aviation research and renewable energies.

KLM Takes Care platform
KLM launched its KLM Takes Care online platform and logo in June 2012. KLM Takes Care brings together all of KLM’s corporate social responsibility activities under a single name. klmtakescare.com is dedicated to providing information on all relevant topics, engaging in dialogue and providing a forum for discussion on sustainability. KLM Takes Care makes it easy to identify CSR initiatives both online and offline, and the logo increases visibility.
Sustainable procurement

AIR FRANCE-KLM SUSTAINABLE PROCUREMENT STRATEGY IS FOCUSED ON FOUR AREAS

Code compliance
Buyers sign a code of ethics. Suppliers are asked to sign the Air France-KLM Sustainable Procurement Charter, which is based on the UN Global Compact principles, or to send an equivalent document to be approved by Air France-KLM.

In 2014, additional guidelines were developed based on international standards including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Children’s Rights and Business Principles, the Core Conventions of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises. KLM’s partner UNICEF the Netherlands provided feedback on child-related aspects.

Supply chain risk assessment
Air France-KLM uses the EcoVadis online platform for assessing supplier CSR performance. Suppliers are scored on social, environmental, ethical and supply chain management criteria through a questionnaire. Depending on their score they are given a bronze, silver or gold “medal” in recognition of their performance (see above). A risk-based approach was developed in 2014, focusing on suppliers in higher risk sectors and countries.

Managing non-commitment/non-compliance
In 2014, a non-compliance policy was formalized and is being deployed progressively. All suppliers are asked to sign the Sustainable Development Charter, and those identified as high risk take part in a CSR assessment conducted by EcoVadis. If a supplier does not obtain a minimum score of 37, he is asked to provide a corrective action plan. The policy focuses on continuous improvement.

CSR opportunities
Engaging suppliers on their CSR performance and challenges helps to identify CSR opportunities. In part, this is achieved by integrating environmental, social and ethical criteria in product/service specifications and contracts where relevant. Air France-KLM and its suppliers always focus on the development of sustainable supply chain and sourcing products and services that minimize our environmental footprint and have a positive social impact. Working together with 4,976 suppliers, a proactive risk for procurement is essential. The most significant purchases are aircraft, fuel, airport and navigation fees, onboard products and Engineering & Maintenance. Given the significant amounts spent, optimization, innovation and the integration of CSR in the supply chain are priorities.

Responsibility for environmental and social performance
AIR FRANCE-KLM aims to integrate sustainability in the supply chain by sourcing products and services that minimize our environmental footprint and have a positive social impact. Working together with 4,976 suppliers, a proactive risk for procurement is essential. The most significant purchases are aircraft, fuel, airport and navigation fees, onboard products and Engineering & Maintenance. Given the significant amounts spent, optimization, innovation and the integration of CSR in the supply chain are priorities.

A large purchaser of various products and services, ranging from fuel to onboard catering products, Air France-KLM aims to integrate sustainability in the supply chain by sourcing products and services that minimize their environmental footprint and have a positive social impact. Working together with around 4,976 suppliers, a proactive risk for procurement is essential. The most significant purchases are aircraft, fuel, airport and navigation fees, onboard products and Engineering & Maintenance. Given the significant amounts spent, optimization, innovation and the integration of CSR in the supply chain are priorities.

In 2014, a risk-based approach was developed in 2014, focusing on suppliers in higher risk sectors and countries. For example, more responsible options are sought. For example, in 2014 one supplier switched to sustainable palm oil for its entire range of cookies, while another supplier obtained GlobalGAP certification for its apple and orange juices. This standard for fruits and vegetables sets requirements for safe production methods, employee health and safety, responsible use of resources, and animal welfare.

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RESPONSIBLE CATERING

KLM enjoys a leading position in the aviation industry in the field of responsible catering and aims to remain a frontrunner in this area. The objective is to offer 100% responsible inflight catering products on flights departing from Amsterdam by 2020.

Focus is on biodiversity impact, with particular attention paid to fish, palm oil and soy. Suppliers are given catering criteria and collaboratively, more responsible options are sought. For example, in 2014 one supplier switched to sustainable palm oil for its entire range of cookies, while another supplier obtained GlobalGAP certification for its apple and orange juices. This standard for fruits and vegetables sets requirements for safe production methods, employee health and safety, responsible use of resources, and animal welfare.

With its fuel savings program, Air France aspires to reduce energy consumption and noise pollution caused by aircraft Auxiliary Power Units (APUs). APUs provide electricity and air-conditioning to planes when they are on the ground. Pilots, engineers, maintenance services and substations are involved in replacing these APUs with mobile Air-Conditioning Units (ACUs), where possible and profitable. In 2014, 3 new ACUs at Charles de Gaulle airport resulted in an energy reduction of 25% at aircraft parking.

SAVING FUEL AND ENERGY WITH MOBILE AIR-CONDITIONING UNITS

In 2014, KLM supplier Riwal launched a major innovation by converting an articulating boom lift from diesel to electric power.

This was done following KLM’s request for a 26 meter high aerial work platform for aircraft maintenance inside hangars, that would not expose employees to emissions or loud noise. As no machines meeting these requirements were available, Riwal offered an innovative solution by replacing the diesel engine and fuel tank by an electric engine, battery pack, charger and control mechanism. Currently three electric boom lifts are used at KLM. This success demonstrates the value of working closely with suppliers.
Best practices

**CORPORATE BIOFUEL PROGRAM**

Since June 2012, KLM has been the first airline in the world to enable corporate customers to become partners in the KLM Corporate BioFuel Program, and to meet part of their travel needs with biofuel-powered flights. Participants pay a surcharge that covers the difference in cost between biofuel and traditional kerosene. This surcharge is fully used for the purchase of sustainable biofuel. Through these partnerships, members confirm their leadership and actively contribute to the development of a market for sustainable aviation biofuels.

In 2014, new partners joined the Program, including City of Amsterdam, Friesland Campina, Perfetti van Melle and Ricoh.

**NEW WORLD BUSINESS CLASS**

In 2014, KLM completed the overhaul of its new World Business Class on the whole Boeing 747-400 fleet and introduced the new cabin interior on the Boeing 777 fleet. In addition to full-flat seats, the interior features new carpeting, panel decorations, curtains, lighting, blankets, cushions and upholstery. The carpets are produced using high quality recycled materials including old KLM crew uniforms. In addition to the World Business Class, designer Hella Jongerius has also designed a new Economy Class interior. A key improvement is the lighter seats, weighing just 11.6 kg compared to 17 kg for the old seats. This weight saving of 5.4 kg per seat assures lower fuel consumption and therefore lower CO₂ emissions.

**LAB’LINE FOR THE FUTURE**

Beginning in September 2014 for a period of more than one year, Air France is showcasing innovation for sustainable development. Reflecting its commitment to CSR and to innovation, it is involving its customers in the challenges and solutions on the path to more sustainable travel.

**14**

Corporate partners

**11**

Toulouse-Paris-Orly flights

Inventing the transport of the future: more responsible, more sustainable

Once per week, over the course of a year, an Air France Toulouse-Paris-Orly flight is being powered using 10% sustainable biofuel, to showcase responsible travel (see page 30). The initiative aims to shape the responsible customer experience of the future, with a commitment to reducing environmental impact and increasing societal value.

**Co-innovation**

To maximize innovation, Air France is working together with other stakeholders who share the same values: 14 partners also present projects and innovations on Lab’line. Employees, customers, partners and startups. All stakeholders are making a contribution, through challenges, project tenders and innovation seminars.

**Raising awareness about responsible travel**

The initiative is supported by an awareness-building campaign, including a web series. The series is available on the internet via social media and at the airport, it takes an informative approach to exploring Air France’s positions on sustainability and solutions for responsible travel in the future.

**One year to make a difference**

Over the course of the year, various themes of responsible travel are being addressed, ranging from local development to the aircraft of the future. The initiative will enable Air France and its partners to showcase their best practices, and to trial innovation for more sustainable travel.

**Aircraft of the future**

**Innovating together**

**Eco-mobility**

**Local development partner**

**Sustainable biofuel**

**Well-being**

**Paris**

**The 4Rs**

* The 4Rs: Rethink, Reduce, Re-use, Recycle

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A sustainable and innovative product range

Onboard KLM flights, products are offered which have limited impact on biodiversity and that are respectful of animal wellbeing. In 2014, 15 new products were added, including GlobalGAP-certified juices and ASC-certified salmon.

Air France serves local and seasonal products on its flights. Babies and children are offered organic meals. In 2014 Air France renewed its ISO 22 000 food security certification.

Air France and KLM recycle onboard equipment at the end of its life cycle (such as trays, drawers, blankets, and trolleys).

KLM has redesigned its New World Business Class and has equipped its Fokker 70 with new, lighter seats. The seat covers are made of eco-leather, which is produced in an environmentally friendly way, using leather off-cuts.

1. RESPONSIBLE CATERING
2. LIGHTER AIRCRAFT EQUIPMENT
3. RECYCLING
4. MEAL TRAY
5. INFLIGHT ENTERTAINMENT
6. BLANKETS
7. LOCAL CULTURE PROGRAMS
8. LIGHTER AIRCRAFT EQUIPMENT
9. BIOFUEL PROGRAMS
10. CO₂ CALCULATION AND OFFSETTING
11. BIOFUEL
12. RECYCLING
13. AIRCRAFT INTERIOR
14. RECYCLING
15. MEAL TRAY

In-flight entertainment includes a number of films on sustainability. Air France offers reusable headphones in its Economy class. Not only do these generate less waste, they are also refurbished by a sheltered sector company and provide improved sound quality.

Air France’s "Phoenix" and KLM’s "Route Dedicated Service" programs are especially geared towards the culture and needs of passengers.

Air France and KLM recycle onboard equipment at the end of its life cycle (such as trays, drawers, blankets, and trolleys).

KLM has redesigned its New World Business Class and has equipped its Fokker 70 with new, lighter seats. The seat covers are made of eco-leather, which is produced in an environmentally friendly way, using leather off-cuts.

Air France-KLM-Martinair Cargo works with innovative, lightweight nets to save weight and reduce CO₂ emissions. Lightweight baggage containers are used in Air France’s long haul fleet.

Digital newspapers and magazines are progressively being made available onboard Air France flights in close cooperation with all stakeholders.

In 2014 Air France launched Lab’In for the future. KLM extended its Corporate BioFuel Program for corporate accounts.
AMBITION
We aim to create a safe and motivating environment for our employees. We continue developing skills to ensure the professionalism and employability of our staff, to achieve the best results for our business.

OBJECTIVES AND MAIN ACHIEVEMENTS 2014
KEY FIGURES
GROUP SOCIAL POLICY
HEALTH AND SAFETY AT WORK
EQUAL OPPORTUNITIES
INTERNATIONAL HUMAN RESOURCES

Responsible human resources
### SOCIAL POLICY

**Air France**
- Promote effective dialogue with employees and their representatives
  - 5 meetings of the European Works Council
  - 14 meetings of the Air France Corporate Works Council
  - 5 meetings of the French Corporate Works Council, bringing together the employees representatives from the Air France Group’s various subsidiaries
  - 80 collective labor agreements signed in the Air France Group

**KLM**
- Stimulate employability through mobility
  - 195 employees took part in career programs
  - Divisional mobility centers introduced
  - 9 new young professionals in the KLM Management Trainee Program and 4 in the IT Management Program

### TRAINING

**Air France**
- Train staff members to develop their employability
  - 90% of ground staff and 100% of flight deck and cabin crew completed training
  - 30 training hours per employee
  - €186 million spent on staff training
  - Personal training entitlements (DIF): 12% of overall training

**KLM**
- Facilitate training and personal development
  - Total training cost: €3,229 per FTE (+22.4% as compared as 2013)
  - 112 employees gained vocational training diploma
  - 91 employees started a vocational training program
  - Partnership with Schiphol Aviation College continued
  - Launch of the Develop Yourself Tool

### HEALTH AND SAFETY

**Air France**
- Reduce the number of workplace accidents
  - Number of workplace accidents: -2%. Annual objectives 2015: -5%. Frequency rate: -5%. Severity rate: -1%
  - OHSAS 18001 certification
  - Signature of the Ground Staff agreement improving organizations, working conditions, quality of day-to-day life in the workplace and preventing risks and hazardous situations

**KLM**
- Become world leader within aviation safety and target a “Zero accident” situation
  - Further roll-out of integrated health policy and three-year activity plan
  - 3 serious accidents involving hospitalization
  - Initiation of a program to accelerate and deepen the integration of occupational safety into ISMS

### EQUAL OPPORTUNITIES

**Air France**
- Pursue commitments to promote diversity
  - A diversity section in the Air France Jobs website
  - Signature of the 2013-2015 “Generation Contract”
  - Percentage of female staff among senior management and executive level: 36.3%
  - Disabled employees: employment rate 5.22 % (4.95 % in 2013); 23 new employees with disabilities hired

**KLM**
- Support diversity
  - Diversity Manager appointed
  - Launch of a diversity perception survey of KLM
  - 5 Diversity Council meetings: focusing on how to promote diversity across the organization and raise awareness.
AIR FRANCE-KLM Corporate Social Responsibility Report 2014

MEETING ECONOMIC CHALLENGES
The Corporate Social Responsibility Statement and the Social Rights and Ethics Charter form the foundation of the Group’s commitments by reaffirming the values and fundamental rights that guide its social and ethical policy. Within a context of the on-going turnaround – completion of Transform 2015 and the launch of Perform 2020 – and return to profitability, Air France and KLM are committed to maintaining high-quality workplace dialogue. This workplace dialogue is transformed into a series of strategic plans over a five-year timeframe, which are rolled-out across individual divisions based on a “bottom-up” process, which takes into account market realities.

TRAINING AND MOBILITY
Air France-KLM maintained a high level of access to training in 2014. Mobility enables employees to grow professionally.

Priority areas for training are:
- supporting the Group’s transformation projects;
- meeting regulatory requirements, particularly in the field of safety;
- providing support for mobility and retraining;
- developing the skills of employee to improve their employability;
- supporting employee career progression.

At Air France in 2014:
- Mobility Centers continue to offer specialist career mobility guidance;
- 900 jobs posted in the internal Job Exchange received 7,000 applications;
- 1,400 employees received individual support to change jobs;
- 1,600 people took part in themed conferences presenting the airline’s different businesses.

KLM continues to focus on training and development, while containing costs. Several training programs were offered in 2014:
- KLM Academy has launched the Develop Yourself Tool, an online platform for staff to learn anywhere, anytime;
- Divisional programs: KLM Business Campus and Ground Services have re-engineered the learning program for new Passenger Handling employees;
- Employability Services supported 195 employees in a voluntary career orientation program.

YOUNG PROFESSIONAL AND INTERN DEVELOPMENT
As part of the sixth Internship Charter, Air France is continuing to fulfill its responsibilities towards young people entering the labor market:
- 1,650 new interns welcomed in 2014, from further and higher education backgrounds;
- Initiatives to support access to employment for apprentices in the local area: Workshops for job seekers, jobs fairs, networking with employers in the Paris-CDG airport employment area.

In 2014, Servair demonstrated its commitment to helping young people by recruiting almost 140 people through the Emplois d’Avenir program.

Although KLM maintained its principle of limited external hiring, in place since 2008, a number of young professionals were welcomed to the company via the Management Trainee and IT Management Program. In addition, the high number of applications for the traineeships and internships illustrates the attractiveness of KLM as an employer.

Over 800 interns joined KLM in 2014; KLM was ranked amongst the ten Best Dutch Employers in Effectory’s “Best Employer” survey.

RESPONSIBLE HUMAN RESOURCES

28 hours of training per employee at Air France

€3,229 Training expenditure per FTE at KLM

GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES

TOTAL STAFF 2014 (HEADCOUNT)

<table>
<thead>
<tr>
<th>Headcount</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>99,277</td>
<td>43.2%</td>
<td>56.8%</td>
</tr>
</tbody>
</table>

94,666 FTEs

HEADCOUNT BY CATEGORY OF STAFF 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>Ground staff</th>
<th>Flight Deck Crew</th>
<th>Cabin Crew</th>
<th>Part-time employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>65,545</td>
<td>8,450</td>
<td>25,282</td>
<td>27.7%</td>
</tr>
<tr>
<td></td>
<td>66%</td>
<td>8.5%</td>
<td>25.5%</td>
<td></td>
</tr>
</tbody>
</table>

PART-TIME EMPLOYEES

| Category | Europe (except France and The Netherlands) | Continental France | Africa and Middle East | Asia and Pacific | Indian Ocean
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>4%</td>
<td>30%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>1%</td>
<td></td>
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</tbody>
</table>

North America

Caribbean (incl. French overseas territories)

South America

Europe (except France and The Netherlands)

Australia

Africa

Europe

HR Connect & MyHR
KLM’s HR Connect strategy was defined to translate the Transform 2015 objectives into the human resources domain for 2012-15. Within this framework, new initiatives included designing decentralized mobility centers and promoting the concept of leadership and its development in the future. One of the highlights in 2014 was the launch of the e-HRM environment, MyHR, for all KLM staff. With MyHR, staff can manage their HR matters any time and any place, easier and faster. MyHR has resulted in significant cost savings and has reduced paper waste by almost 3,500 kg in 2014.

RESPONSIBLE  HUMAN RESOURCES
Health and safety at work

The health and safety of staff in the workplace is a key priority for Air France-KLM, as well as maintaining good quality of life. 

Our key issues

Ensuring Health and safety at work is a topic with social and financial aspects and a direct impact on business. Therefore, reducing risks, occupational illnesses, and workplace accidents are high priority areas.

As part of the Integrated Management System at Air France, specific annual performance target contracts are signed by the senior executive of each entity. These contracts formalize quantified commitments to reduce accidents at work through action plans. In 2014, Air France obtained OHSAS 18001 certification for its health and safety management system, in force at all levels of the company.

In terms of safety, KLM’s ambition is to become a world leader in aviation safety. The objective of a “zero accident” situation has been set to minimize the number of workplace incidents. This objective is pursued by the Integrated Safety Management System (ISMS) (see p.18).

Risk prevention

Being vigilant and taking action are now more of a priority than ever. To place accident avoidance and a culture of risk prevention at the heart of its business, the Group is taking action in several areas:

- Integrating occupational safety criteria into project management and in the development of ergonomic procedures;
- Involving medical managers and staff to identify potentially hazardous situations and to encourage preventive action;
- Feedback systems to share experience of incidents and best practices;
- Building awareness and providing information on occupational health risks and their prevention, through dedicated conferences and forums;
- Maintaining skills by offering risk prevention training, updated on a regular basis to keep pace with changes in regulations and tools available, as well as taking into account change and the emergence of new risks.

Results and objectives

Following several years of efforts, in 2013 and 2014 Air France recorded a deterioration in terms of workplace accidents in some divisions. However there was a decline in the severity rate of accidents. KLM reached its goal of fewer than four accidents, however the number of workplace accidents leading to time off work rose slightly to above target. Recently, media reports have suggested possible health risks for passengers and crew associated with chemical substance leakage from aircraft engine oil into the air conditioning system. In response to this, KLM Health Services (KH6) experts organized several meetings with the Working Group Aircraft Related Dangerous Oil and Fumes (ARDOF). Aircraft manufacturers have demonstrated that during normal operation there is no health risk for passengers or crew. Measurements on board KLM’s 737 and a consecutive risk assessment have confirmed this.

Quality of life in the workplace

The Group pays particular attention to quality of life in the workplace. Various initiatives help employees with their work-life balance, which also improves performance.

At Air France, a new agreement was signed at the end of 2014, aiming to ensure improvements to organization, working conditions, quality of life in the workplace, risk prevention and to physically demanding jobs. The agreement builds upon initiatives already in place and sets out a new package of measures. Those include support for members of staff facing personal difficulties, the roll-out of management practices to promote quality workplace relationships, the development of ergonomic approaches during the design of projects, and the expansion of new working methods, such as home working.

To date, more than 18,000 employees have responded to a questionnaire evaluating occupational stress. The questionnaire has become a key tool for managing and preventing psychosocial risks within the company.

Since 2013, KLM has an integrated approach to all health-related matters to pursue a more concrete and efficient policy. A three-year plan, and a detailed action plan for 2014 present a common vision on company-wide goals for health and safety. The implementation of this policy is reviewed annually and updated if necessary. This new policy pursues the positive and effective initiatives that are underway, but also introduces a shift in focus with increasing investments in preventive health care, to improve working conditions and promote healthy employees.

Change the way we work

As part of its “Change the way we work” program, Air France aims to improve working practices. Air France will expand telecommuting. More employees now have the opportunity to work from home one day per week. The initiative aims to boost motivation by reducing stress related to work travel, to improve work-life balance, and to offer greater independence to employees in the way they organize their work. Since its launch, about 600 employees have enrolled in the project.

Ergo coaches

One example is the “Fit on the Ramp” Lifestyle program at Ground Services which became “Feel Fit” in 2014. This program offers many activities such as health screening and individual and group training on healthy lifestyles (e.g. on quitting smoking). Furthermore, a pilot program “Heel&FitPiso” was launched for flight deck crew and cabin crew, which offers online physiotherapy by experienced physiotherapists.

Additionally, KLM has started organizing Health Theme Events. Two events took place in 2014, focusing on self-management and on healthy Lifestyle promotion. Managers and professionals from both inside and outside the company shared knowledge and best practices.

Types of accidents at work

The Global Frequency Rate, a way of measuring workplace accidents, is defined as the number of accidents per million hours worked. The number of lost-time injuries (Type 3) has been reduced by 11% (less than four accidents). The Severity rate has also decreased by 4%.

In the case of the “Safety First” initiative, employees have been trained to take care of their health and safety at work issues. This provides quick access to practical and concrete information on related subjects such as musculoskeletal disorders, barometric otitis.

Ergo coaches at KLM Engineering and Maintenance at Air France have a new working mandate to support Health and Safety at work issues. They provide quick access to professionals and in-depth information on related subjects such as musculoskeletal disorders, barometric otitis.

One example is the “Fit on the Ramp” Lifestyle program at Ground Services which became “FeelFit” in 2014. This program offers many activities such as health screening and individual and group training on healthy lifestyles (e.g. on quitting smoking). Furthermore, a pilot program “Heel&FitPiso” was launched for flight deck crew and cabin crew, which offers online physiotherapy by experienced physiotherapists. Additionally, KLM has started organizing Health Theme Events. Two events took place in 2014, focusing on self-management and on healthy Lifestyle promotion. Managers and professionals from both inside and outside the company shared knowledge and best practices.

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In line with its Social Rights and Ethics Charter, Air France-KLM pursues a social policy based on integration through work, respect for equal opportunities, combating discrimination and promoting diversity. At Air France, internal recruitment and selection processes are governed by a code of ethics. Materials are available to managers, and more broadly to all staff members, including an e-learning module on “Diversity and Discrimination Prevention”.

Air France is a signatory of national charters such as the Diversity Charter and the Good Parenting Charter. The airline signed the 2013-2015 “Generation Contract”, the French government agreement for sustainable employment for young and older people, and the passing on of knowledge and skills.

KLM’s Diversity Council, set up in 2014, examines ways of promoting diversity in the organization and increasing awareness. As a result, diversity is one of the themes of divisional Management Development plans, and a Diversity Manager has been appointed effective February 2015. At the end of 2014, a survey was conducted in cooperation with Leiden University to gain insight in the perception of diversity in the workplace.

**DISABLED PEOPLE**

Air France-KLM has a proactive approach to helping people with disabilities into work. Air France signed the 2015-2017 Disability Agreement in 2014, which aims to pursue and strengthen initiatives to promote improved, career-long support for employees with disabilities.

In 2014:
- The share of employees with disabilities within the total workforce continued to grow to 5.22% in 2014 compared to 4.95% in 2013.
- 53 people with disabilities were recruited by Air France (16 in 2013).
- Staff with disabilities were aided in retaining their jobs, through support and adaptation initiatives.
- Increased use of companies and organizations in the sheltered sector: 18 million euros of purchases from this sector.

KLM is fully committed to actively furthering the vocational integration of people with disabilities and to maximizing their potential economic contribution. Based on government guidelines, occupational physicians evaluate employees’ potential contribution. In cooperation with specialists, consultants and employees, adjustments are made to working hours, types of work and work station adaptation needed to optimize the potential of employees with disabilities. The return to work for employees with disabilities is proactively supported. When employees are unable to return to their jobs due to disability, they are automatically offered an appropriate position without having to undergo a new application process.

In 2014, KLM employed 750 employees with disabilities.

**GENDER EQUALITY**

Professional equality between men and women remains a key issue and progress area in HR management. Air France has made a commitment to reducing wage disparities between men and women. The percentage of female staff among senior management and executive level rose to 26.3%.

Air France signed the Convention for Occupational Gender Equality with the French Ministry of Women’s Rights, formulating a number of commitments, such as those on work-life balance, increasing the number of women on steering committees and providing support for equality initiatives among SME subcontractors and suppliers.

At KLM Group, the percentage of female staff grew to 42.6% in 2014, from 42.3% in 2013. This increase also translated to the senior management and executive level, where the percentage of female staff rose from 19.8% in 2013 to 20.5% in 2014.

KLM is committed to equality and respect for sexual orientation. The “Over the Rainbow” LGBT network brings together gay, bisexual and transgender employees. It provides advice to ensure fair treatment, regardless of sexual orientation. The network has steadily grown to around 350 members. On Coming Out Day in October 2014, the themes of gender equality and diversity were addressed during a lunch event.

**A WORLDWIDE SOCIAL POLICY**

9,936 employees, accounting for 10% of Air France-KLM staff, are located at international establishments, which are the local Air France-KLM offices.

Guided by the Social Rights & Ethics Charter, the Group applies local collective labor agreements, agreed with unions or other relevant parties, according to local standards. Due to these local contexts, labor agreements and standards can vary per country.

As part of on-going workplace dialogue, the Air France-KLM employee satisfaction survey Reflect was conducted in 2014, to measure the satisfaction and expectations at work of all staff worldwide. They were asked to give their opinion on subjects such as their own role in the organization, experiences at work, opportunities for personal development, communication, leadership, management and overall impression including questions about CSR. The overall participation rate was 62%, and 97.4% of the respondents indicated they think that Air France-KLM is committed to CSR. In 2015 the departments and establishments will analyze the results of the survey, discuss findings with the employees and develop plans for improvement.

Another focus point in 2014 was the e-learning on Anti-Bribery and Corruption (see also p.127). Although this is a key part of the Air France-KLM overall ethics framework, particular attention was paid to the international establishments, where a larger share of staff was asked to participate, including lower management levels.

**FOCUSING ON SERVICE QUALITY**

For Air France and KLM, service is a key part of differentiating the offer and building customer loyalty. The entire service chain is involved at all destinations to ensure customers receive quality service throughout their journey, from check-in to baggage collection.

Training projects for staff throughout the world are deployed in order to foster a true customer-centric culture among employees. The Signatures of Service training program is being rolled out in over 100 local establishments. In 2014, this training was extended to Tokyo, Bangkok, Hong Kong, Abuja, and Montréal, with cultural differences taken into account for each country. For example, in Bangkok, the famous Thai “wai greeting” was included as a standard part of welcoming customers.

**DEVELOPING LOCAL TALENT**

Additionally, various local management and talent development initiatives are in place.

The “Spice Trail” is a combined talent program of the area Asia Pacific and the Middle East, Gulf and India area at Air France-KLM. Each year, twelve talents are chosen by local management teams to follow this one year program that includes 365 degree feedback, managing change successfully, project management and culture and communication training. Other parts of the program include visits to various establishments to get to know the market and the colleagues and share best practices.

The first “AirNCA’s Go Talent” program began in October 2014 and will run until May 2015. Twelve local talents from all six African establishments experience an eight-month program in four sessions, focused on business and organizational information, managerial skills and personal development.

Local management at each establishment selects the participants. The goal of the program is to identify and foster talent with a view to local mobility in order to prepare new managers for the future.

Furthermore, the program focuses on development of personal and management skills and competences, a wider business perspective, and achieving higher motivation levels.

AIR FRANCE-KLM Global Talent Management Program 2014
AMBITION
As an airline group, we connect people around the world. We strive to add economic and social value in the areas where we operate. By working together with local partners, we create new business opportunities and support projects that contribute to future generations and local communities.

OBJECTIVES AND MAIN ACHIEVEMENTS 2014
ECONOMIC VALUE
LOCAL DEVELOPMENT AROUND OUR HUBS
LOCAL DEVELOPMENT AT DESTINATIONS
SOCIAL PARTNERSHIPS

Local development
With hubs in Paris and Amsterdam and destinations worldwide, Air France and KLM contribute to economic and social development, both locally and at the national level, through direct and indirect activities.

**DRIVING THE LOCAL ECONOMY**

The hubs at Paris-CDG, Paris-Orly and Amsterdam Schiphol provide highly attractive business environments. With 90% of the Group’s employees based in France and The Netherlands, Air France and KLM contribute significantly to their national economies. With more than 40,000 employees in Ile-de-France, Air France is the largest private sector employer in the Paris region, while connections to French regions contribute to development and enhance regional attractiveness.

Air France has demonstrated its commitment to the Paris region through a €45m investment in a new maintenance facility at Paris-CDG, due to open in September 2015. With 26,656 FTEs, KLM Group is the third largest private sector employer in the Netherlands, while connections to French regions contribute significantly to their national economies.

**LONG TERM COOPERATION ON MAJOR PROJECTS**

Air France supports projects that set to shape the areas around its hubs over the coming twenty years, such as the Grand Rosay project, the Nouveau Grand Paris and the Métropole du Grand Paris. KLM participates in the Dutch government’s SMASH program which aims to optimize spatial planning and infrastructure around Schiphol. The Dutch government continued the implementation of its air transport policy ("Luchtvaartnota"), adopted in 2011, and reasserted the major importance of the aviation sector and Schiphol airport for the Dutch economy. This policy aims to achieve an innovative and competitive economy within a sustainable environment. Optimum international accessibility by air is a key condition for achieving these goals. Moreover, the government has identified 9 sectors that are key to the economy and has brought together business, scientists and government agencies to collaborate on boosting the international competitiveness of these sectors.

KLM partners with Schiphol Airport and the City of Amsterdam to strengthen the competitiveness and development of the region, by working on sustainability themes, including circular economy. In 2014, it led to the introduction of 168 Tesla "e-taxis" at Schiphol airport. This has improved air quality and raised awareness of electric transport. Both organizations are also partners in the Corporate BioFuel Program.

**GROUND TRANSPORTATION**

Air France-KLM takes particular interest in ground transportation, as the accessibility of airports is an important factor in the development and attractiveness of the Air France and KLM hubs. Air France works alongside other large companies based in the local area to take effective joint actions on transport and to support public transport infrastructure projects; at Paris-CDG in September 2014, T leading companies came together to form the P4PRO.MOBILITE organization, while at Orly, Air France signed a PDE (intercompany travel plan) with 5 other businesses (see p.33).

356,000 jobs induced by Air France activity in France

1st private sector employer in the Paris region

3rd largest private sector employer in The Netherlands
Local development around our hubs

SUPPORTING SMEs AND INNOVATION
Air France-KLM supports innovation through collaboration with small and medium firms (SMEs) and startups. In 2012, Air France signed the Charter for Public Companies in favor of Innovative SMEs. The airline also supports SMEs through its participation in a coaching program (PLATO) involving 70 SMEs in the Paris-CDG area, and through the creation of a business association in the city of Oty. Since March 2014, Air France has been a founder member of the ‘Welcome City Lab’, a startup incubator, aiming to foster innovation in the tourism sector. KLM, Schiphol Airport, Rabobank and Technology University of Delft work together through the Mainport Innovation Fund. It aims to accelerate innovation in the aviation sector by investing in startups that contribute to sustainable, safe and efficient air transport. The fund has invested in 8 innovative startups.

LOCAL STRUCTURAL INITIATIVES
The Group is involved in various initiatives to strengthen the economic attractiveness, reputation, international competitiveness, and sustainable development of its hubs.

LOCAL ECONOMIC DEVELOPMENT
Promoting socio-economic development of Paris-CDG area. Collaborate with more than 340 members (including elected representatives, businesses, institutions) on jobs, housing, economic development, transport and culture.

HUBSTART PARIS REGION AND AEROTROPOLIS
Promoting the hub region at an international level, facilitating economic development, transport and culture.

PAYS DE ROISSY ASSOCIATION
Promoting the development of more than 80 companies moving to Paris-CDG.

COLLABORATION AMSTERDAM/SCHIPHOL/KLM (ASK)
Aiming to improve international competitiveness, promote destination Amsterdam, improve accessibility, education and sustainability.

BOUSSOLE
Business Travel Plan to contribute to the reduction of emissions caused by employees commuting in the Paris region.

LANDSCAPE NORTH HOLLAND
A nature conservation organization in the Schiphol area. Through this partnership, KLM supports projects that protect a vulnerable nature reserve in the North Holland province.

COMMITTED TO THE EMPLOYMENT OF VULNERABLE PEOPLE
Air France signed the Businesses and Neighborhood Charter, signaling its willingness to make a real contribution to priority neighborhoods. The airline also supports Second Chance Schools in locations throughout France. It also supports workers with disabilities by working with sheltered sector companies: Air France’s spending in the sheltered sector represented €183m in 2014. Air France is expanding its partnership with the sheltered sector year on year, for example, the proportion of on-board blankets cleaned by sheltered sector companies rose from 15% in 2009, to 62% in 2014.

KLM is a partner of Schiphol Aviation College, which brings together aviation businesses, vocational education institutions and authorities to stimulate employment around Schiphol. An employment agency offers temporary assignments to people with limited access to the labour market, to enable them to gain valuable work experience and training. In 2014, Schiphol Aviation College also completed a program for 15 unemployed young people, to help them access the labour market in the Schiphol region.

FAIR TRAVEL TICKETS FOR JOB SEEKERS AND SCHOLARSHIP STUDENTS
In 2014, Air France gave a boost to job seekers by signing a partnership with the Toulouse Employment Agency. Air France offers reduced rates for job seekers to help them in their mobility related to their search for work. Toulouse Business School students have joined the Air France-KLM Mufliz loyalty program, allowing scholarship students to earn Blue Credits for airline tickets.

KNOWLEDGE AND SKILLS FOR FUTURE GENERATIONS
To ensure a match between the skills needs of the industry and the qualifications of job seekers, Air France-KLM invests in various organizations and education programs. For example, the Group led several initiatives in 2014 for middle and high school students:

− 62 Air France staff members volunteer to provide support to young people from underprivileged backgrounds up until their graduation from a business school or university, through a partnership with the “Passerport Avenir” association.
− The OPEN internship program enables around 200 students from many middle and high schools to be informed on the aviation industry, and for a selected number of them to discover the airline.
− Air France employees, representing the airline’s key businesses met with 500 middle school students from the Seine-Saint-Denis area at a careers forum organized by the FACE 93 organization (Action Against Exclusion Foundation), of which Air France is a partner.
− KLM Engineering and Maintenance works with 5 Regional Community Colleges (ROCD). To anticipate retirements in the coming years, Avionics and Accessories collaborates with ROCD Flevoland to train new engineering talents. Electrical engineering students can follow a KLM Minor on aviation electronics, with courses given by KLM employees, to better match the education program with work practice. Students who excel can intern at KLM in their 3rd and 4th year.

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Pays de Roissy Association
Promoting the economic development of the Paris-CDG area. Collaborates with more than 340 members (including elected representatives, businesses, institutions) on jobs, housing, economic development, transport and culture.

Hubstart Paris Region and Aerotropolis
Promoting the hub region at an international level, facilitating economic development, transport and culture.

KLM runs several education programs to attract future talent through collaboration with ROC’s, Schiphol Aviation College, JINC and “ICT in the Clouds”.

− JINC offers mini-internships at KLM for children aged between 8 and 16.
− “ICT in the Clouds”, initiated by the Montessori School of Amsterdam, develops children with ICT talent.
− AIR FRANCE is a founding member and partner of 4 associations involved in information and training programs on aviation careers: Airemploi, JINC, APMA and Engineers For Schools.
− Airemploi provides information about aviation careers to 3,000 students.
− JINC offers mini-internships at KLM for children aged between 8 and 16.
− “ICT in the Clouds”, initiated by the Montessori School of Amsterdam, develops children with ICT talent.

AIR FRANCE-KLM Corporate Social Responsibility Report 2014
Local development at destinations

STIMULATING ECONOMIC DEVELOPMENT
With a strong presence in Africa and Asia, Air France-KLM promotes regional economic and social development. Air France-KLM offers frequent flights between Europe and Africa. The 2014 expansion of the Kenya Airways joint venture added four new routes and doubled the number of weekly flights between Amsterdam, London Heathrow and Paris-CDG to East Africa. Value is also created through local sourcing. The Group also contributes to Latin American and Caribbean growth through its long-haul network from Europe to these destinations. Air France-KLM serves 25 destinations in the region and offers over 200 weekly flights from Paris-CDG and Amsterdam Schiphol. In 2014, a long-term strategic partnership agreement was signed with Brazilian carrier GOL, improving connectivity in South America.

RESPONSIBLE & SUSTAINABLE TOURISM
Through its longstanding partnerships with a number of NGOs, including Acting for Life and Gawad Kalayaan, Air France-KLM supports initiatives for sustainable tourism. Acting for Life promotes responsible tourism, as a virtuous circle that minimizes negative social, economic and environmental impacts and generates greater economic benefits for local people. For example, in Djibouti, the NGO and the Djibouti National Tourism Office partnered to build eco-bungalows to welcome travelers. For a period of five years, KLM supported the Sustainable Tourism chair at Wageningen University. The research focused on the role of tourism in conservation and development in Eastern and Southern Africa. The project budget was €2 million, and various studies were published on this topic.

In 2014, Air France conducted a study on social tourism to assess how to best support this kind of tourism. The rise in passenger demand for inspiring and experiential travel is driving the Group to develop a more personalized offer, attuned to local culture. In 2014, Air France conducted a study on social tourism to assess how to best support this kind of tourism. The Group also contributes to Latin American and Caribbean growth through its long-haul network from Europe to these destinations. Air France-KLM serves 25 destinations in the region and offers over 200 weekly flights from Paris-CDG and Amsterdam Schiphol. In 2014, a long-term strategic partnership agreement was signed with Brazilian carrier GOL, improving connectivity in South America.

For many years, the Group has supported the NGO Gawad Kalayaan (SK), a Philippine-based NGO that aims to end poverty for 5 million families in the Philippines by 2024. SK employs a holistic model for development, relying on various initiatives, such as building homes for the homeless with the help of thousands of volunteers; 2,400 organized communities have been created and an Air France-KLM village consisting of 47 houses has been built thanks to sponsorship from the Regional Establishment of Air France-KLM. The Air France Foundation supported the School for Experiential and Entrepreneurial Development (SEED) in 2014, sponsoring 30 students. SK is also supported through tickets. SK develops social tourism programs, through a social enterprise, MAD (Make a Difference) Travel. Travelers are welcomed in eco-B&Bs, one of them financed by the Group.

ENVIRONMENTAL PARTNERS
The forest conservation project in Madagascar, supported by Air France since 2008 and co-funded by AFD, PFMN and Madagascar authorities since 2014, contributes to the development of local communities while protecting the unique biodiversity of the island (see also p.36). The project has already reached 34,000 households, 17% of which have adopted alternative agricultural techniques to “slash and burn” (such as beekeeping, poultry, fish farming, cash crops), increasing crop, crop diversification and income.

Thanks to the involvement of the local authorities, the project aims to place their expertise and logistical capacity at the disposal of local artisans, enabling them to increase their revenues. The initiative aims to cut out intermediaries and to create a direct link between artisans and end customers, for example by providing them with a workshop.

Acting for Life & Gawad Kalinga, Air France-KLM supports initiatives for sustainable tourism. Acting for Life promotes responsible tourism, a virtuous circle that minimizes negative social, economic and environmental impacts and generates greater economic benefits for local people. For example, in Djibouti, the NGO and the Djibouti National Tourism Office partnered to build eco-bungalows to welcome travelers. For a period of five years, KLM supported the Sustainable Tourism chair at Wageningen University. The research focused on the role of tourism in conservation and development in Eastern and Southern Africa. The project budget was €2 million, and various studies were published on this topic.

In 2014, Air France conducted a study on social tourism to assess how to best support this kind of tourism. The rise in passenger demand for inspiring and experiential travel is driving the Group to develop a more personalized offer, attuned to local culture. In 2014, Transavia launched “Travel Solid’air”, an online guide listing more than 200 ecotourism initiatives located in or nearby the cities served by the airline, in Europe and around the Mediterranean. Following their trip, customers have the opportunity to recommend new initiatives to the online community.

KLM & WWF-NL
KLM has provided financial support to a number of WWF-ML projects that work to protect nature reserves since 2007. A 2014 milestone in the Living Amazon Initiative in South America was the funding by the Brazilian government, WWF and partners for the Amazon Protected Areas (APA) Program, a 215 million dollar project to take care of the largest protected areas in the Amazon over a ten-year period. The project covers 15 percent of the Brazilian rainforest and aims to protect 50 million hectares, containing around 15 billion tons of carbon dioxide.

Gawad Kalayaan & Air France-KLM, a sustainable partnership
For many years, the Group has supported the NGO Gawad Kalayaan (SK), a Philippine-based NGO that aims to end poverty for 5 million families in the Philippines by 2024. SK employs a holistic model for development, relying on various initiatives, such as building homes for the homeless with the help of thousands of volunteers; 2,400 organized communities have been created and an Air France-KLM village consisting of 47 houses has been built thanks to sponsorship from the Regional Establishment of Air France-KLM. The Air France Foundation supported the School for Experiential and Entrepreneurial Development (SEED) in 2014, sponsoring 30 students. SK is also supported through tickets. SK develops social tourism programs, through a social enterprise, MAD (Make a Difference) Travel. Travelers are welcomed in eco-B&Bs, one of them financed by the Group.

Local entrepreneurship drives development and economic growth. Therefore, in Ivory Coast, Air France and Chronopost have jointly placed their expertise and logistical capacity at the disposal of local artisans, enabling them to increase their revenues. The initiative aims to cut out intermediaries and to create a direct link between artisans and end customers, for example by providing them with a workshop. Thanks to the involvement of the local authorities, the project aims to expand to other craft centers. KLM works with social enterprise “ShareBusiness”, offering a program in which managers can work in emerging countries for a limited period of time, to share knowledge with local entrepreneurs. As such, these entrepreneurs benefit from fresh insights for developing their business and KLM’s managers gain experience and develop their skills. In 2014, 4 employees were assigned to cases in Ethiopia, Kenya and India. For example, in Kenya, the goal was to provide recommendations for logistic processes for a company organizing smallholder farmers to produce and market fruits and vegetables.

For a period of five years, KLM supported the Sustainable Tourism chair at Wageningen University. The research focused on the role of tourism in conservation and development in Eastern and Southern Africa. The project budget was €2 million, and various studies were published on this topic.

In 2014, Air France conducted a study on social tourism to assess how to best support this kind of tourism. The rise in passenger demand for inspiring and experiential travel is driving the Group to develop a more personalized offer, attuned to local culture. In 2014, Transavia launched “Travel Solid’air”, an online guide listing more than 200 ecotourism initiatives located in or nearby the cities served by the airline, in Europe and around the Mediterranean. Following their trip, customers have the opportunity to recommend new initiatives to the online community.
Social partnerships

LONGSTANDING PARTNERSHIPS

Air France-KLM has always played an active role in international development through social, humanitarian and nature conservation projects, with many projects focusing in particular on future generations. Air France helps disadvantaged children through its Corporate Foundation, which was involved in 110 projects in 2014. In addition, Air France has had a partnership with the NGO Acting for Life for over 30 years. It promotes economic development and sustainable tourism: in 2014, Acting for Life supported 37 projects.

Air France and KLM support the French and Dutch Aviation Without Borders. This emergency aid organization carries out air shipments to various projects and provided nearly 1,000 reconditioned computers and printers.

EMPLOYEE INITIATIVES

The Wings of Support foundation, founded in 1998, supports local projects at destinations. Both KLM flight crew and ground staff are actively involved in the work of the foundation. Wings of Support also organizes an annual “BushCamp” for orphaned children from all over Kenya. In 2014, €903,000 were invested in 73 projects, helping 10,750 children.

The “Friends of Air France Foundation” network gets more than 2,200 employees involved in various voluntary, childhood-focused projects in France.

ENGAGING CUSTOMERS

Air France and KLM engage passengers on social and humanitarian programs they support. The Air France inflight magazine devotes a monthly article to a project supported by the Air France Foundation and Acting for Life. Air France informs passengers about the damage caused by child sex tourism by financing and broadcasting ECPAT International’s prevention campaign, and by providing support to 9 other ECPAT projects on child protection around the world.

In its Holland Herald magazine, KLM focuses on various CSR initiatives and highlights the work of its partners. Flying Blue passengers can support NGO projects by donating Flying Blue miles. Since 2014, the donation tool has been updated to provide members with the opportunity of donating any amount of miles they wish, in real time. A total of 112.7 million miles were donated by Flying Blue members to NGO partners in 2014.

Air France-KLM continues its support for local organizations to fight child sexual exploitation.

CENTRAL AFRICAN REPUBLIC

Air France Foundation - Triangle Génération Humanitaire: Support for 8 centers for children living on the streets.

MADAGASCAR

Air France Foundation - Audition Solidarité: Providing hearing aids to deaf children and training for teachers.

CHILE, PERU AND COLOMBIA

Acting for Life: Poverty reduction program and support for disabled workers in the tourism industry.

FRANCE

Air France - Ordinary: 2,000 reconditioned computers donated to dyslexic students. Provided with touch screens and intuitive technology, they ease their work at school and make them more independent.

CONTRIBUTION OF AIR FRANCE-KLM

€14 million

Financial support and donations

79.6%

739

Air France tickets donated to more than 30 NGOs

DISTRIBUTION OF GROUP’S CONTRIBUTION BY PROJECT CATEGORY

8%

Environment

58%

Sports, culture, miscellaneous

34%

Humanitarian & education

GEOGRAPHICAL DISTRIBUTION OF PROJECTS AND SOME EXAMPLES

Europe (incl. France and Benelux) and North Africa

North America

Latin America

Caribbean

Africa

Asia Pacific

16%

36%

14%

12%

20%

2%
Performance indicators
Dialog with our stakeholders

<table>
<thead>
<tr>
<th>GROUP'S Stakeholders</th>
<th>MAIN ENGAGEMENT TOPICS</th>
<th>MAIN ENGAGEMENT PATHWAYS</th>
<th>OUTCOMES 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shallowers</strong></td>
<td>Financial information</td>
<td>Qualifying presentations to analysts</td>
<td>Reporting improvement based on feedback (e.g. Vigeo, SAM, EIRIS, CSR)</td>
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<tr>
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<td>Credited financial website</td>
<td>Reporting with GRI guidelines</td>
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<td>Annual publications</td>
<td>Dutch Association of Investors for Sustainable Development (FIiid)</td>
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<td></td>
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<td>Shareholder Club</td>
<td>KLM - Dutch Association of Investors for Sustainable Development (DDIK)</td>
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<td></td>
<td></td>
<td>Advisory Committee for Individual shallowers</td>
<td>Reporting improvement based on feedback (e.g. Vigeo, SAM, EIRIS, CSR) on 7 sustainability themes</td>
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<td></td>
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<td>Yearly General Shareholders' Meeting</td>
<td>Other outcome: see chapter Governance</td>
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<td><strong>Passengers and stakeholders</strong></td>
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<td>Customer satisfaction and service quality</td>
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<td>Innovation products</td>
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<td>Reduction of CO2 emissions</td>
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<td>Responsible Charging</td>
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<td>E-Score Survey and Quality Observer program</td>
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<td>Customer assistance desks, web chat</td>
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<td>KLM Health Services and KLM Travel Clinics website (e.g.www.klmairhealth.co.uk)</td>
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<td>Health and comfort comfort on Air France website and international vaccination center</td>
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<td>CO2 calculation and compensation on Air France and KLM websites</td>
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<td>KLM for the future program</td>
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<td>KLM Corporate BioFuel Program</td>
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<td>KLM-participation in Dutch Sustainable Growth Coalition (EBSGC)</td>
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<td><strong>Employee</strong></td>
<td>Staff surveys</td>
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<td>CSR trainings</td>
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<td>Intern and external newsletters</td>
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<td>Staff Innovation Program</td>
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<td>Air France-Skies mobility plan</td>
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<td>Air France-KLM CSR Week</td>
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<td>Negotiation and collective labor agreement</td>
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<td>Work Council committees focused on working conditions, CSR and HPD policies</td>
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<td>Intercompany working groups, Global Compact, GRAWE, Comité 21, WOPF...</td>
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<td>Partnerships with universities</td>
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<td><strong>International</strong></td>
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<td><strong>Other partners</strong></td>
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<td><strong>Stakeholders</strong></td>
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<td><strong>TOPICS</strong></td>
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<td><strong>STAKEHOLDERS</strong></td>
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</tbody>
</table>
### Social indicators

#### Air France subsidiaries:

**Air France Group:**

- **Ground staff:** 68,518, 66,535, 65,088
- **Flight deck personnel:** 7,431, 7,591, 7,487

#### North & South America

- **Staff under permanent contract:** 108,275, 98,863, 97,089
- **Total:** 216,257, 195,398, 192,177

#### Africa/the Middle East

- **Percentage of women at 31/12:** 64.0%, 49.2%, 64.0%
- **Number of workplace accidents (death)**: 1, 2
- **Frequency rate of workplace accidents (per 10,000 employees):** 26.6, 20.43, 20.43
- **Severity rate of workplace accidents:** 3,851, 3,537, 3,537

#### Corporate Social Responsibility Report 2014

- **Total spending in the sheltered sector in €:** 61,680, 58,794
- **Yearly spending in the sheltered sector in €:** 13,842, 13,641
- **Percentage of women at 31/12:** 58, 20, 44

### Performance indicators

#### Other social data for Air France Group (according to local legislation)

- **Due to illness:** 2.91%, 2.61%, 2.3%
- **Due to traffic accidents:** 0.18%, 0.26%, 0.18%
- **Maternity leave:** 0.99%, 0.88%, 1.0%

#### Others

- **Total workplace accidents:** 3,283, 2,835
- **Number of workplace accidents (death):** 1, 0
- **Frequency rate of workplace accidents (per 10,000 employees):** 20.43, 17.77
- **Severity rate of workplace accidents:** 3,537, 3,537

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

- **Due to illness:** 5.25%, 5.84%, 6.4%
- **Due to traffic accidents:** 5.15%, 6.17%, 5.3%
- **Maternity leave:** 5.54%, 6.4%, 0.0%

### Women in the Group (%)

#### Chart: Women in the Group (%)

#### Breakdown of staff by age (%)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-26 year old</td>
<td>23%</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>26-31</td>
<td>41%</td>
<td>41%</td>
<td>41%</td>
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<tr>
<td>31-35</td>
<td>15%</td>
<td>16%</td>
<td>16%</td>
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<tr>
<td>35-39</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>39-44</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Breakdown of departures by cause

<table>
<thead>
<tr>
<th>Cause</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>10,744</td>
<td>8,555</td>
<td>9,617</td>
</tr>
<tr>
<td>4% - Recruitments (job, contract)</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>12% - Redundancies</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>38% - Exit of fixed-term contracts</td>
<td>38%</td>
<td>38%</td>
<td>38%</td>
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<tr>
<td>7% - Terminations</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
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<tr>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
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</tbody>
</table>

### Other data for Air France Group

#### Corporate Social Responsibility Report 2014

- **Total staff under permanent contract:** 108,275, 98,863, 97,089
- **Total:** 216,257, 195,398, 192,177

### Other data for KLM Group

#### Corporate Social Responsibility Report 2014

- **Total staff under permanent contract:** 38,844, 36,823, 34,201
- **Total:** 58,794, 56,144, 52,282

### Figures certified by KPMG, KPMG, and KPMG, respectively.
## Environmental indicators

### Air Operations

#### Air France-KLM Group’s fleet

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Air France Group</th>
<th>KLM Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AVERAGE AGE (years)</strong></td>
<td><strong>NUMBER OF AIRCRAFT</strong></td>
<td><strong>AVERAGE AGE (years)</strong></td>
</tr>
<tr>
<td><strong>SHORT AND MEDIUM-HAUL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A320, A330-200</td>
<td>10.8</td>
<td>10.8</td>
</tr>
<tr>
<td>A330-200</td>
<td>11.0</td>
<td>11.0</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>528</strong></td>
<td><strong>528</strong></td>
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<tr>
<td><strong>LONG-HAUL</strong></td>
<td></td>
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<tr>
<td>A340-300</td>
<td>11.0</td>
<td>11.0</td>
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<tr>
<td>A340-200</td>
<td>12.2</td>
<td>12.2</td>
</tr>
<tr>
<td>777-200/300-777-300</td>
<td>779-700</td>
<td>840</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>725</strong></td>
<td><strong>725</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>773</strong></td>
<td><strong>773</strong></td>
</tr>
</tbody>
</table>

**Air France-KLM Group fleet 2014: 546 aircraft. Average fleet age: 10.7 years.**

### Ground Operations

#### CONSUMPTION

<table>
<thead>
<tr>
<th>Metric</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2014 (limited level of assurance)</th>
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<tbody>
<tr>
<td>Water consumption</td>
<td>812</td>
<td>806</td>
<td>792</td>
<td>9.6</td>
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<tr>
<td>Electricity consumption</td>
<td>189</td>
<td>185</td>
<td>152</td>
<td>17.4</td>
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<tr>
<td>Other energy consumption</td>
<td>145</td>
<td>140</td>
<td>137</td>
<td>5.3</td>
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### EMISSIONS

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<th>2013</th>
<th>2014</th>
<th>2014 (limited level of assurance)</th>
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<tr>
<td>Greenhouse gas emissions</td>
<td>8409</td>
<td>8526</td>
<td>7964</td>
<td>10.1</td>
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<tr>
<td>Emissions of substances contributing to acidification and eutrophication</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Emissions of substances contributing to photochemical pollution</td>
<td>145</td>
<td>140</td>
<td>137</td>
<td>5.3</td>
</tr>
<tr>
<td>Emissions of species responsible for photochemical pollution</td>
<td>140</td>
<td>140</td>
<td>137</td>
<td>5.3</td>
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<tr>
<td>Emissions of substances contributing to acidification and eutrophication</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
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<tr>
<td>Emissions of substances contributing to phytotoxic effects and eutrophication</td>
<td>387</td>
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<tr>
<td>Emissions of substances contributing to phytotoxic effects and eutrophication</td>
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## BREAKDOWN OF TYPE OF ENERGY

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<tr>
<td>Electricity</td>
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<tr>
<td>Natural Gas</td>
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<tr>
<td>Diesel Fuel</td>
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<tr>
<td>Super-grade Diesel Fuel</td>
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<tr>
<td>Jet Fuel</td>
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## CO₂ EMISSIONS OF GROUND ACTIVITIES

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Heating</td>
<td>49%</td>
</tr>
<tr>
<td>Cooling</td>
<td>1%</td>
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</table>

**Figures verified by KPMG Audit, department of KPMG SA, for 2014 (limited level of assurance).**
Note on the methodology for the reporting of the social performance indicators

The indicators are compiled and consolidated using the Osyris (Operating SYstem for Reporting to the external world) software. The consolidation of the Air France-KLM Group’s social information is carried out on a voluntary basis by following an instruction memorandum issued by the Social Committee of Air France.

The indicators are exclusive and avoid double-counting. They cover all business entities, jointly owned, whose parent company is the Air France-KLM Group, and all of its subsidiaries.

Since 2013, a number of these indicators have been calculated in the Osyris software. This methodology enables data not to be re-calculated each year. Special social indicators notified by the Social Committee of Air France, PNA, ADP, and Air France subsidiaries.

Note on the methodology for the reporting of the environmental indicators

The indicators are based on the calculation for the Airline Industry Code of the Environment (ICAO). All the indicators are calculated in the domestic outstations with the exception of emissions from Servair trucks.

The data used to calculate the environmental indicators is subject to detailed reviews, notably by the ICAO, which publishes periodic reports on the methodology used for these indicators. The calculation of noise emissions is done in accordance with the ICAO engine emissions databank.

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

The exceptions concern emissions from Servair trucks. For these emissions, the method used is based on the ADEME V6 Methodology Guide, except for kerosene whose emissions are calculated based on the ICAO engine emissions databank.

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The text below is a free translation into English of the Statutory Auditor’s report issued in French and it is presented for the information of the Group’s English-speaking readers. This report should be read in conjunction with, and considered in conjunction with, French law and professional auditing standards applicable in France. As requested and in our capacity as Statutory Auditor of Air France-KLM S.A., we have performed a review in order to:

— a limited level of assurance on the environmental and social indicators for the year ended December 31, 2014 selected by the Group (KLM) and identified by the symbol √

— a reasonable level of assurance on the indicators “Fuel consumption” and “CO2 emissions” relating to air operations for the year ended December 31, 2014, identified by the symbol √√.

This selection of indicators (the Data) is presented in the tables “Environmental indicators” and “Social indicators” of the 2014 Corporate Social Responsibility Report of Air France-KLM Group (the Group).

Responsibility of the company

The Data were prepared under the responsibility of Air France Environment and Sustainable Development division, in accordance with internal performance reporting procedures (hereinafter “the Protocols”), which may be consulted upon request to the Environment and Sustainable Development division of Air France-KLM. The method used to collect the data and calculate the social and environmental indicators is explained in the notes accompanying the tables “Environmental indicators” and “Social indicators”.

Independence and quality control

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

Statutory auditor’s responsibility

Our responsibility is to issue conclusions on the Data, based on our work. The conclusions given below relate solely to the Data and not to Air France-KLM Group’s 2014 Corporate Social Responsibility Report as a whole.

The work has been performed by our corporate re-

sponsibility experts.

We conducted the procedures below in accordance with International Standards on Assurance Engagements (ISAE 3000) and in compliance with the professional guidelines applicable in France.

Limited assurance

Nature and scope of our procedures

We conducted interviews with the people responsible for preparing the Data in departments in charge of data collection processes and, where appropriate, those responsible for internal control procedures and risk management, to:

— assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and understandability, taking into account best practice, where appropriate;

— verify that a data collection, compilation, processing and quality control process has been implemented to ensure the completeness and consistency of the Data selected and review the internal control and risk management procedures used to prepare the Data.

We determined the nature and scope of tests and qual-

ity control processes, based on the type and impor-

tance of the Data with respect to the risks affecting the company, the social and environmental impacts of its business activities, its sustainable development strategy, and industry best practices.

At each entity level, we performed analytical proce-

dures and verified, using sampling techniques, the calculations and conclusions of the Data.

At the entity level, for a representative sample of entities selected on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures followed were correct and to identify any undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calcula-

tions made and reconcile the data with the supporting documents. The selected sample represents 63% of headcount, between 31 and 100% of quantitative environmental information.

We believe that the sampling methods and sample sizes used, based on our professional judgment, were suffi-
cient to enable us to provide limited assurance; a higher level of assurance would have required us to carry out more-extensive work. Due to the use of sampling tech-

iques and other limitations intrinsic to the operation of information and internal control systems, we can- not completely rule out the possibility that a material irregularity has not been detected in the Data selected.

Conclusion

Based on our work, we did not identify any material anomalies likely to call into question the fact that the Data in the tables “Environmental indicators” and “So-

cial indicators” of the 2014 Corporate Social Re-

sponsibility Report, identified by the symbol √, have been prepared, in all material respects, in accordance with the above-mentioned Protocol.

Observation

Without qualifying our conclusion above, we draw your attention to the following point, which is indicated in the notes on the methodology for the reporting of the social performance indicator: the indicator “Total staff with disabilities” is calculated using the same meth-

odology across the different entities of the Group. The various methodologies are detailed in the note on the methodology for the reporting of the social performance indicators.

Reasonable assurance

Nature and scope of our procedures

Concerning the Data selected by the Group and iden-
tified by the sign √√, we conducted the same work as the one conducted on paragraph hereinafter, but in a more extensive way, particularly concerning the number of tests.

The entities selected represent 91% of the Data identi-
ed by the sign √√.

In our opinion, we believe that a data collection, compilation, processing and quality control process has been implemented to ensure the completeness and consistency of the Data selected and reviewed the internal control and risk management procedures used to prepare the Data. We determined the nature and scope of tests and qual-

ity control processes, based on the type and impor-
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De gauche à droite : Jean-Paul Vellutini, Partner - Assurance Environnement et Développement Durable, KPMG S.A. ; Francine Bex, Partner - Assurance Environnement et Développement Durable, KPMG S.A.

Group’s main subsidiaries

The table presents the Air France-KLM structure and main subsidiaries over which the Group has at least 50% control, whose acquisition dates back at least one full year and which have a significant number of employees.
Global Compact and GRI4 correspondence table

GLOBAL COMPACT ADVANCED LEVEL

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G4 GENERAL STANDARD DISCLOSURES

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LOCATION OF DISCLOSURE

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PERFORMANCE INDICATORS

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GOVERNANCE

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ETHICS

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ECONOMIC

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WASTE P.34 | ENERGY AND WATER P.36

MATERIALS

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ENERGY AND WATER P.36

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BIODIVERSITY P.39

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EMISSIONS

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CARBON FOOTPRINT P.26

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<td>G4-6</td>
<td>Procurement practices</td>
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International non-financial indexes and ratings 2014

Air France-KLM is assessed annually by the major international non-financial rating agencies, including RobecoSAM, Vigeo, Eiris and Oekom Research. For the tenth year running, the Group is recognized by two Dow Jones Sustainability indexes (DJSI World and DJSI Europe) and has been ranked leader in the Airlines industry by RobecoSAM. Moreover, for the 6th year running, Air France-KLM is ranked leader of the broader Transportation category, covering air, rail, sea and road transport as well as airport activities. In this way Air France-KLM perpetuates the ranking at the 24 most sustainable companies in the world.

Thanks to this performance the Group retained its listing on FTSE4Good Index Series, on the Vigeo indexes (World 120, Europe 120, Eurozone 120, France 20) and on the Ethibel Sustainable Index (ESI) Excellence Europe. Oekom Research classifies Air France-KLM as “Premiés”.

...