



# CORPORATE SOCIAL RESPONSIBILITY REPORT 2013



AIRFRANCE **KLM**



# CORPORATE SOCIAL RESPONSIBILITY REPORT 2013

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“Aviation’s future will be shaped by innovation and respect for the environment. This is the exciting challenge facing our Group and every one of us.”

**B**y bringing together people, economies and cultures, aviation opens the way to travel and trade. It is a tremendous driver of growth in the areas where we operate and which we serve.

As with all transportation methods which depend on fossil energy, our environmental footprint is significant. We are aware of our responsibilities and, to continue to ensure our mission and achieve ever-higher levels of customer satisfaction, we actively seek to reconcile economic performance with social progress and respect for the environment.

Imagination and innovation were behind the emergence of aviation. Today the most advanced technologies support the growth of air transportation by enabling the reduction or mitigation of some of its impacts, particularly CO<sub>2</sub> emissions and noise disturbance. Tomorrow, we plan to do even better. All of the players in the sector are aware of the major challenge represented by environment protection.

Sustainable development is both a requirement to secure our sector’s long-term future and an opportunity to envision our activity in another way. For several years, our social and environmental commitment has been at the heart of our corporate strategy. This commitment is enshrined in our Corporate Social Responsibility Statement and Social Rights and Ethics Charter, and re-affirmed each year as a signatory of the United Nations Global Compact.

Thanks to everyone across the Group, everywhere in the world, Air France-KLM is recognized for its sustainable development performance. Conscious of the leadership role that we play with our customers, partners, suppliers and the industry as a whole, we are mobilized around the goal of making sustainable development an everyday reality in all our activities.

As a driver of economic growth, aviation’s future will be shaped by innovation and respect for the environment. This is the exciting challenge facing our Group and every one of us. ●

Alexandre de Juniac  
Chairman and Chief Executive Officer  
Air France-KLM Group

# INTERVIEW

## A LOOK BACK AT 2013 AND THE OUTLOOK FOR THE NEXT YEARS

### TWO YEARS AFTER THE LAUNCH OF THE TRANSFORM 2015 PLAN, WHAT ARE THE RESULTS FOR THE AIR FRANCE-KLM GROUP?

Alexandre de Juniac

2013 marked an important stage in the turnaround of Air France-KLM. We benefited from the implementation of new working conditions adopted by all our staff and the industrial plans launched across our businesses. Despite the persistently challenging environment, the Group returned to a positive operating result and reduced its debt by more than the initial targets.

The additional measures announced in October 2013 are already being implemented in medium-haul and cargo to accelerate their recovery and will start to bear fruit during the second half of 2014.

### AND AT AIR FRANCE AND KLM?

Frédéric Gagey

Transform 2015 is functioning and the positive effects are tangible. In 2013, Air France maintained its transformation momentum thanks to its staff who are mobilizing all their efforts around customer service and the company's successful turnaround.

The short and medium-haul operations have been restructured and we took the decision to develop the activity of Transavia France on departure from Paris-Orly and adjust our domestic network. To return to profitability we must be even more attentive to our customers' needs and the launch of HOP! is an integral part of this dynamic. The new regional company constitutes an advantage when it comes to addressing the needs of all our customer segments more effectively.

Camiel Eurlings

Despite the challenging environment, 2013 showed improved financial results and growth in the passenger business. These encouraging signs showed that we can adhere to the course we have set and can adapt to changing circumstances. Thanks to strict capacity management, supported by cost reduction initiatives, the whole-hearted dedication of our staff and a raft of innovative measures, we were able to deliver what we promised.

During 2013 we urged our staff to remain alert to potential process improvements and efficiency gains in all parts of the company. It is this approach that allowed us to uphold the principle of "keeping the family together", in exchange for higher staff productivity and flexibility. We will continue to rely on their dedication, especially in the third challenging year of the Transform 2015 - Securing our Future program.

### CAN YOU OUTLINE THE MAIN FOCUS AREAS IN 2014?

Alexandre de Juniac

The Group is experiencing a real commercial revolution. We are preparing for the future by launching significant investment to improve our service offer at both Air France and KLM.

The measures implemented in 2013 will be reflected in a very concrete improvement in our offering aimed at making it the world's best-in-class. We have invested in cabin equipment to ensure that our customers enjoy the best-possible standard of comfort. We have also increased the number of destinations and our Summer 2014 schedule reflects this aim with an expanded long-haul proposition. It is vital to pursue our expansion on growth markets, which are the Group's future.

  
**2**  
**hubs**  
Paris-CDG  
and Amsterdam-Schiphol

  
**1<sup>st</sup>**  
**long-haul network**  
from Europe

  
**231**  
**destinations**  
in 103 countries  
(Summer 2014)





Alexandre de Juniac,  
Chairman and Chief Executive Officer  
Air France-KLM Group



Frédéric Gagey,  
Chairman and Chief Executive Officer  
Air France



Camiel Eurlings,  
Chairman and Chief Executive Officer  
KLM

The success of Transform 2015 will underpin the Group's ability to again be one of the Top 3 global airline groups in terms of customer experience and be a major player in sector consolidation.

**AIR FRANCE AND KLM HAVE DEVELOPED NEW PRODUCTS AND SERVICES FOR THEIR CUSTOMERS. WHAT ARE THE KEY FACTORS FOR A SUSTAINABLE AIRLINE?**

Frédéric Gagey

Thanks to more than €500 million of investment, our goal is to offer the best standards of inflight comfort and to differentiate ourselves through exemplary standards of customer service. These new products and services will constitute significant competitive advantages in our commercial strategy.

A company which makes a difference for its customers is also a

responsible company. This Corporate Social Responsibility commitment is mobilizing all our staff and is an integral part of all our projects. Wherever possible, we aim to support initiatives which include both the environmental and the social and citizenship dimensions. We also believe that research and innovation are key to a sustainable development approach. In 2013, the initiatives we supported included the Joining Our Energies program to back the development of a French biofuel production industry and the IAGOS project with the loading on board one of our aircraft of measuring instruments which will enable a better understanding of the impact of aviation on climate change. Another example in 2013 which is, perhaps, a little closer to ourselves and our customers, the design of new long-haul crockery in the Premium Economy and Economy classes. This project mobilized a number of divisions around an approach based on innovation and

 **3**   
**businesses**  
Passengers, Cargo, Maintenance

 **77.3**   
**million**  
passengers carried

**1.3**   
**million**  
tons of cargo

eco-design, resulting in new tableware which is more pleasurable and practical in use and also enables the reduction by one third in the weight of the materials and the related CO<sub>2</sub> emissions.

#### Camiel Eurlings

Investing in new products and services and engaging in new partnerships remain key priorities. In 2013, KLM entered into a unique agreement with UNICEF the Netherlands, taking the lead in developing sector guidelines based on the Children's Rights and Business Principles.

Innovation not only brought us closer to our goals in 2013, it also led to awards and appreciation from passengers and external parties. New initiatives contributed to cost reduction, sustainability and customer loyalty. Furthermore, our people remain our most important asset. Their commitment, knowledge and dedication are key, especially in reaching our KLM Takes vision and ambitions for 2020. KLM will always seek the best solution in dialogue with all our stakeholders. This is the key to building a sustainable and successful future – for our customers, our employees, and society as a whole.

#### **THE MESSAGE IN 2012 WAS “BIOFUELS ARE HERE TO STAY”. COULD YOU TELL A BIT MORE ABOUT THE DEVELOPMENTS IN 2013?**

##### Camiel Eurlings

The airline industry will be dependent on liquid fuels. Therefore, KLM sees every flight on sustainable biofuels as an important step on our journey to sustainable aviation. In March 2013, we started the series of weekly flights from New York to Amsterdam, and KLM invested in SkyNRG, world leader in sustainable biofuels. With them and other partners, we continue to explore new possibilities and we are working in various consortia to reach the breakthrough for scalable biofuels in the future.

Not only do we want to develop a market for sustainable biofuels and set the standard, we hope to inspire others to join us in making the airline industry more sustainable. Since 2007, WWF-NL has been our strategic partner in achieving this ambition. I am excited to welcome City of Amsterdam, Loyens & Loeff, FMO, Siemens, TomTom and CBRE Global Investors as new partners in our Corporate Biofuel Program. In collaboration with Boeing, Amsterdam Airport Schiphol, Air Traffic Control The Netherlands and various research partners, KLM ran its Optimal Flight program. This project demonstrated how the entire flight process can be optimized by using advanced technologies.

At the end of 2013, KLM and the Ministry of Infrastructure & the Environment, the Ministry of Economic Affairs, Schiphol Group, SkyNRG, Neste Oil and the Port of Rotterdam signed a letter of intent for BioPort Holland, aimed at the large-scale use of sustainable biofuels. This initiative shows that cooperation with different stakeholders is key.

#### **AT AIR FRANCE, YOU HAVE MADE LOCAL ROOTS A CORNERSTONE OF YOUR CITIZENSHIP COMMITMENT. COULD YOU TELL US MORE?**

##### Frédéric Gagey

I would like to mention the social dimension of corporate sustainable responsibility since aviation acts as a link between people and economies. It is a driver of economic and social development everywhere in the world.

I place a great deal of importance on Air France's local engagement in the areas where it operates. Through these strong local roots, we demonstrate our commitment to regional and national development. With the signature of the innovative SME charter we set ourselves the objective of encouraging innovation and supporting small and medium-sized firms across our areas.


Another of the company's commitments becomes, every year, more concrete in our procurement from the adapted and sheltered sector. By entrusting these companies with operational activities, we promote access to employment for persons with disabilities and demonstrate the confidence we have in their expertise.

#### **IN 2013, AIR FRANCE-KLM WAS AGAIN RANKED NUMBER ONE IN THE AIRLINES SECTOR AND INCLUDED IN THE DOW JONES SUSTAINABILITY INDEX, THE MAIN INTERNATIONAL INDEX EVALUATING COMPANIES ON THEIR SUSTAINABILITY PERFORMANCE.**

##### Alexandre de Juniac

This year Air France-KLM was again recognized by the DJSI and the extra-financial rating agency RobecoSAM. For the ninth consecutive year, the Group was ranked leader of the “Airlines category”. Moreover, for the fifth year running, Air France-KLM was ranked number one of the broader “Transport category”, covering air, rail, sea and road transport as well as airport activities. Air France-KLM thus joins the 24 most sustainable companies in the world, each in their sector of activity.

I'm very proud that we are still sector leader on sustainability, and this for nine years in a row. It proves our commitment to pursuing our efforts and to proposing new sustainable development initiatives. ●



**95,961**  
employees (FTE)



**552**  
aircraft in operation



**SkyTeam**  
2<sup>nd</sup> largest alliance  
20 members  
more than 1,000 destinations



# AVIATION INDUSTRY DEVELOPMENTS

## AIRLINE BUSINESS

The airline industry is a facilitator of international trade and business, operating in a competitive environment, concerning a highly cyclical business and standing out in the value chain as earning the lowest returns and bearing virtually the highest risk. European companies are engaged in restructuring plans to restore profitability, particularly relative to competitors who benefit from a more dynamic context.

## LIBERALIZATION AND CONSOLIDATION

Liberalization progresses slowly around the world with certain regions moving faster than others. The consolidation trend continued through mergers, alliances and partnership agreements. Airlines can improve their position in the air transport industry as shown by consolidation of airlines in the US. Middle Eastern airlines have entered into alliances, are continuing to expand and make conditions challenging for European airlines.

## STRUCTURAL GROWTH

The air transport industry is growing by about 5% annually, which should be maintained over the coming two decades. High growth will

be concentrated in emerging markets in Brazil, China and Southeast Asia. International Air Transport Association's prediction for 2050 for aviation is 16 billion passengers travelling by plane and 400 million tons of cargo being carried.

## CUSTOMER BEHAVIOR

Customers are well informed and sensitive to the value of the service offered. They expect transparency in product, service, price and company policies. In addition, customers demand to be online at any place and any time. Their needs are increasingly personalized and, through social media, they expect a quick response.

## CLIMATE CHANGE

Mitigating climate change remains an important challenge in a context of resource scarcity and volatility of oil prices; a shift towards sustainable biofuels is crucial. Collaboration is needed to reduce CO<sub>2</sub> by focusing on new technologies, operational efficiency and improved infrastructure. Economic measures can fill the remaining emissions gap.

## 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. ●

## AIR FRANCE KLM NETWORK (SUMMER 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, 2013, consolidated revenues amounted to €25.52 billion, up by 2.32% on the previous financial year. The 2013 financial year was marked by a positive result from current operations of €130 million versus a loss of €336 million at December 31, 2012.

## Revenues

**€25,520 m**

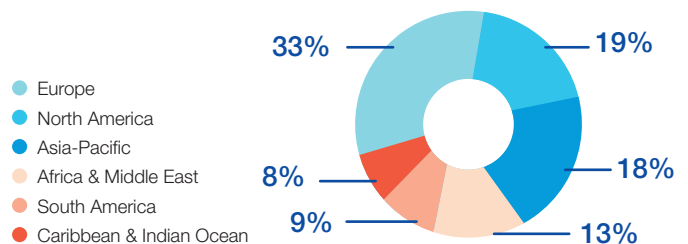
## Income from current operations

**€130 m**

## BREAKDOWN OF REVENUES BY SECTOR OF ACTIVITY

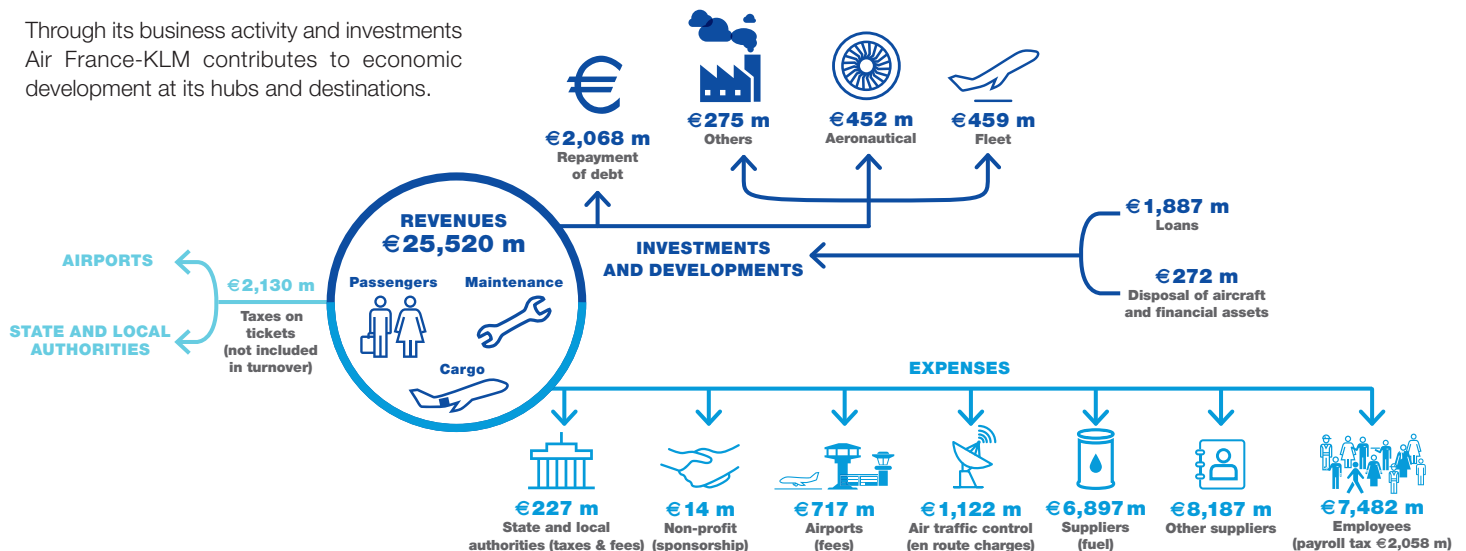


## BREAKDOWN OF PASSENGER REVENUES BY DESTINATION



## DISTRIBUTION OF THE GROUP'S REVENUE

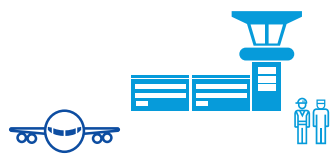
Through its business activity and investments Air France-KLM contributes to economic development at its hubs and destinations.



Data for 2013 financial year in million euros.



# CSR HIGHLIGHTS



## JANUARY

→ Collection of Air France staff **uniforms to be recycled**, see p.34 and p.45

→ Air France EVP's commitment on CSR issues through signature of **2013 CSR objectives** and action plan, see p.13

## JUNE

→ Air France member of **Joining our Energies** project for aviation biofuels, see p.31

→ Air France involved in **climate research** with IAGOS program, see p.36

→ KLM Sustainable Inflight catering offer expanded with **16 new products**, see p.37 and p.45

## SEPTEMBER

→ Air France-KLM ranked number 1 in the **Dow Jones Sustainable Index**, see p.83

→ Air France-KLM received the **Climate Performance Leader** prize awarded by the Carbon Disclosure Project, see p.27

→ New **eco designed** Air France onboard **meal tray**, see p.48

## NOVEMBER

→ Launch of Air France employees **Participatory Innovation Program**, see p.59

→ KLM and various stakeholders signed a Declaration of Intent for **BioPort Holland**, aimed at the large-scale use of sustainable biofuels, see p.31

2013



## MARCH

→ Start of KLM's JFK **Biofuel Flight Series** and **Optimal Flight Program**, see p.29

## JULY

→ **Pays de Roissy-CDG Association** 10th anniversary, see p.65

→ Air France-KLM-Martinair Cargo innovative **light weight cargo nets**, see p.28 and p.45

→ Introduction of KLM's **New World Business Class**, see p.49

## OCTOBER

→ Better visibility for **CO<sub>2</sub> calculator**, see p.29

→ KLM ranked "**Best Employer**" by Intermediair & Effectory, see p.55

→ KLM partner of **Schiphol Aviation College**, see p.58 and p.66

## DECEMBER

→ Launch of KLM partnership with **UNICEF the Netherlands**, see p.12 and p.68

→ **KLM Takes Care** vision and ambitions for 2020 finalized, see p.13

→ 7 new partners in KLM's **Corporate BioFuel program**, see p.31 and p.49

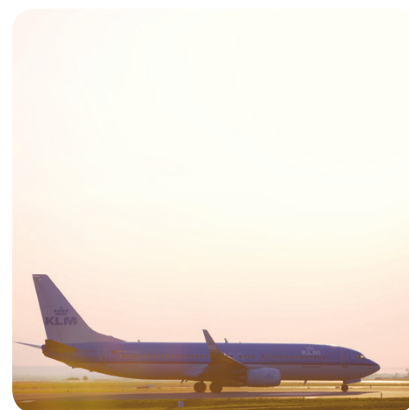
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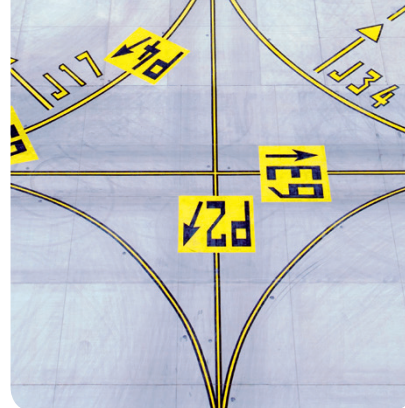
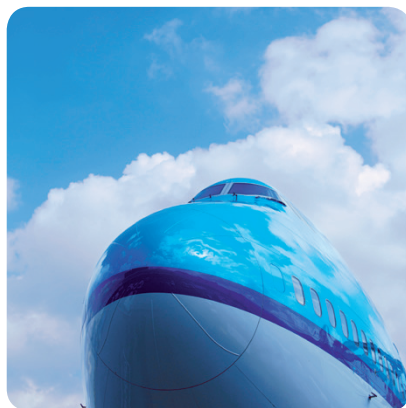
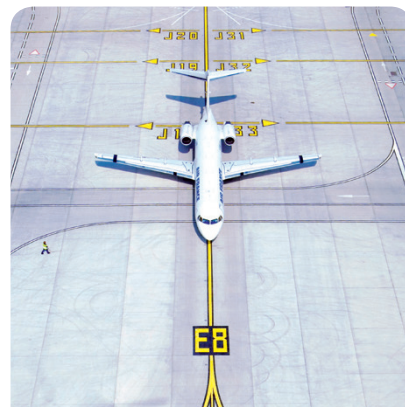
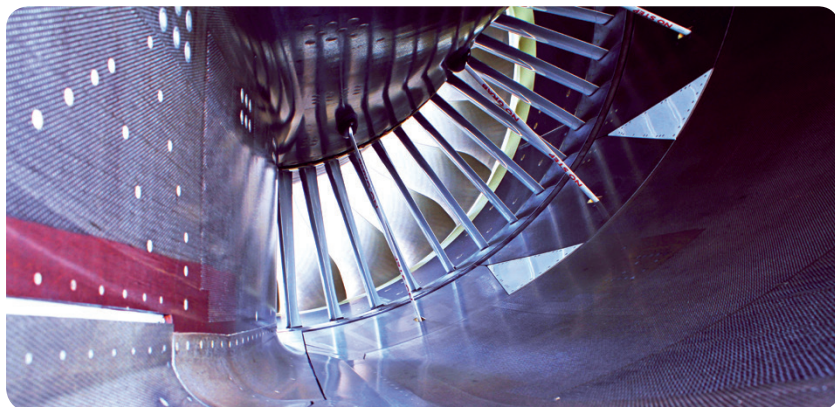
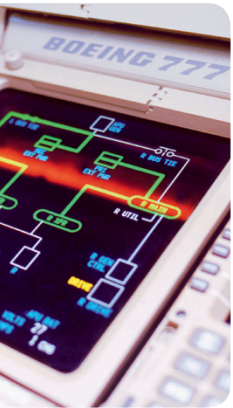
# GOVERNANCE

## AMBITION

Our ambition is to set the standard in CSR and to remain the frontrunner in the air transport industry.









# OUR CSR APPROACH

As a global business, Air France-KLM connects people, economies and cultures, driving economic growth and social progress. Air France-KLM assumes its responsibilities and acts to reconcile growth with environmental protection, social value and local development at its hubs and destinations.

The Group's commitment is laid out in its Corporate Social Responsibility Statement, Social Rights and Ethics Charter and Climate Action Plan.

To integrate sustainability in its business and operations, Air France-KLM works alongside all of its stakeholder groups on four key priorities: environment, customer experience, responsible human resources and local development.



## RESPONSIBLE HUMAN RESOURCES

Maintain a responsible social policy and encourage personal development to ensure the motivation and professionalism of our employees.



## LOCAL DEVELOPMENT

Create economic and social value at our hubs and destinations.



## CUSTOMER EXPERIENCE

Integrate sustainability within the entire value chain to offer customers sustainable and innovative products and services.



## ENVIRONMENT

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

## NATIONAL AND INTERNATIONAL COMMITMENTS

→ Air France-KLM works in line with fundamental rights: The Universal Declaration of Human Rights, The Charter of Fundamental Rights of the European Union, The International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organization for Economic Cooperation and Development's (OECD) guiding principles.

→ Air France and KLM have been a signatory of the United Nations Global Compact since 2003 and 2006, and are committed to respecting and promoting its ten principles (see p.82). The Group promotes and encourages its partners and suppliers to commit to this path.

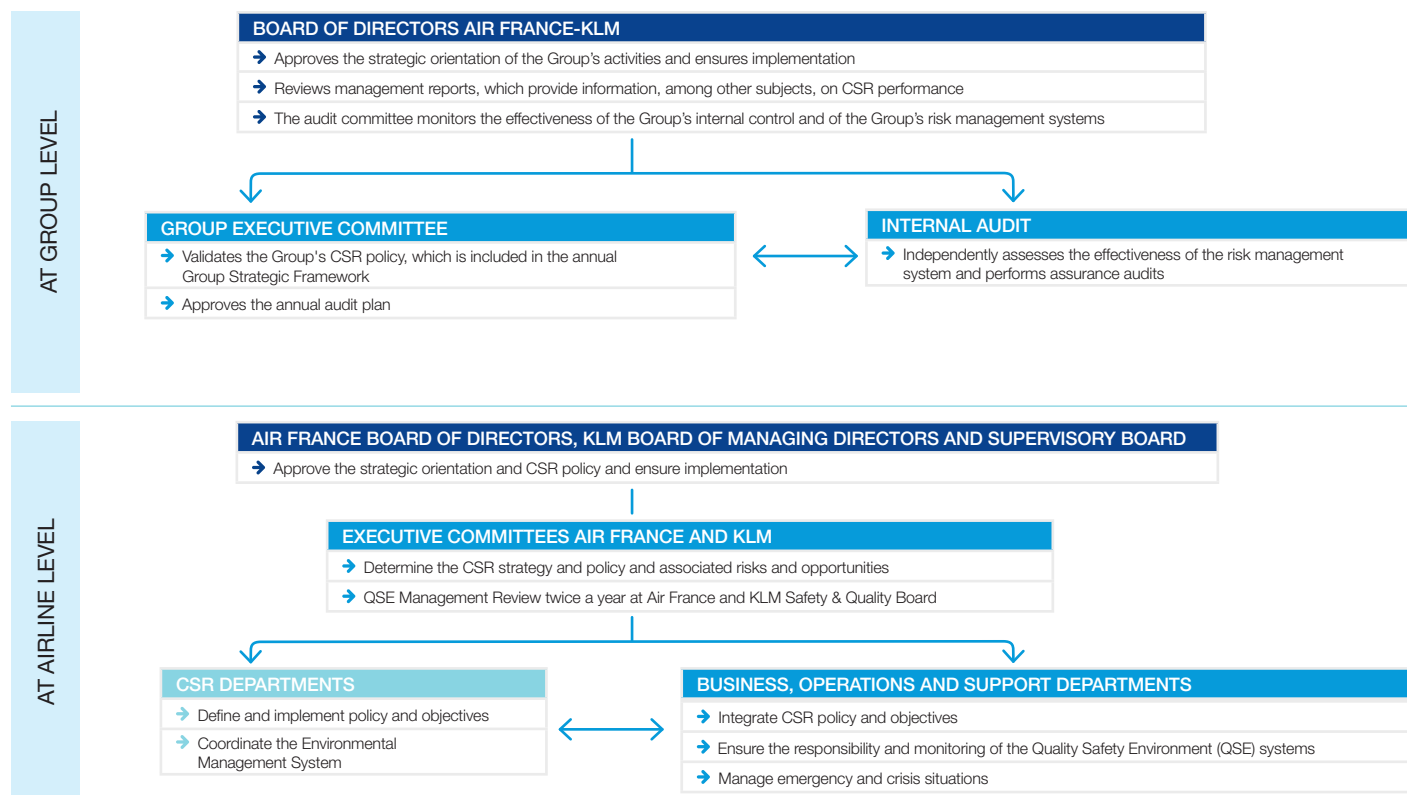
→ Air France is a signatory of the Caring for Climate initiative led by the UN Global Compact and the UN Environment Program.

→ KLM has been working in partnership with WWF-NL since 2007 to develop a more sustainable air transport industry.

→ In 2013, KLM also became partner of UNICEF the Netherlands to develop guidelines for the industry, based on the ten Children's Rights and Business Principles developed in 2012 by UNICEF, the UN Global Compact and Save the Children.

→ Air France and KLM are signatories to several national charters and agreements. In 2013, Air France signed the Charter for Public Companies in Favor of Innovative SMEs and the Gender Equality Convention. KLM has signed the Sustainable Supply and Corporate Responsibility Manifesto, which aims to support the market for sustainable products and services.

## CSR GOVERNANCE AND IMPLEMENTATION



## SUSTAINABILITY IN BUSINESS AND OPERATIONS

Air France-KLM puts CSR at the heart of its strategy. This commitment is spearheaded by management and shared by all employees who are encouraged to participate in the development of innovation projects.

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 Group Board of Directors during the annual Group strategy meeting.

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 a member of the Executive Committee. Each airline has committees in place to monitor the integration of CSR and its associated risks and opportunities. At KLM these are the quarterly CSR Council and the Safety and Quality Board, which meets six times per year. Air France has two Board Meetings per year dedicated to reviewing QSE "Quality, Safety, Environment" objectives.

The Air France and KLM CSR departments manage action plans and common reporting systems, and exchange best practices. Within each airline these departments define and implement CSR policy, coordinate the Environmental Management System and monitor roll-out of policy within business and operational divisions. Both Air France and KLM have been ISO 14001 certified, respectively since 2008 and 1999, for all flights and operations in France and The

Netherlands. This certification was renewed for a period of three years in 2011 for Air France and in 2012 for KLM.

## OBJECTIVES AND MANAGEMENT INDICATORS

The key priorities set by the Group are addressed by the two airlines based on stakeholder dialogue. Every year, Air France and KLM senior executives formalize their commitment on CSR issues such as environment and health and safety, through action plans with specific targets.

In 2013, environmental objectives were set for all Air France entities:

- improving CO<sub>2</sub> efficiency: -1.5% per year;
- reducing the energy consumption of buildings: -8% at the end of 2014, compared with 2011;
- increasing the proportion of waste recovered to 50%.

In 2013, the KLM Executive Committee developed a long term vision and ambitions for 2020:

- energy: 20% CO<sub>2</sub> reduction;
- sustainable catering: 100% sustainable inflight catering products (from Amsterdam);
- waste: 100% recycling and recovery;
- communities: All areas have a program in place positively impacting future generations.

These objectives are translated into annual programs and roadmaps. ●

# STAKEHOLDERS

Stakeholder engagement plays a major part in Air France-KLM's CSR strategy. As a worldwide operator, the Group interacts with various stakeholder groups.

## ONGOING DIALOGUE

To determine material issues and priorities, Air France-KLM engages with various stakeholder groups including employees, suppliers, local communities, associations, local authorities and NGOs.

This dialogue helps the Group to better understand the societal changes, challenges and questions it is faced with, and the issues and projects that it should focus on. This feedback also helps to improve the Group's reporting.

The 2013 report includes more detailed information on employee involvement in CSR strategy, observance of human rights, as well as impact in the supply chain.



## STAKEHOLDER IDENTIFICATION AND COMMITMENT

In 2013, stakeholder engagement included:

- internal barometers and events to collect staff suggestions;
- 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;

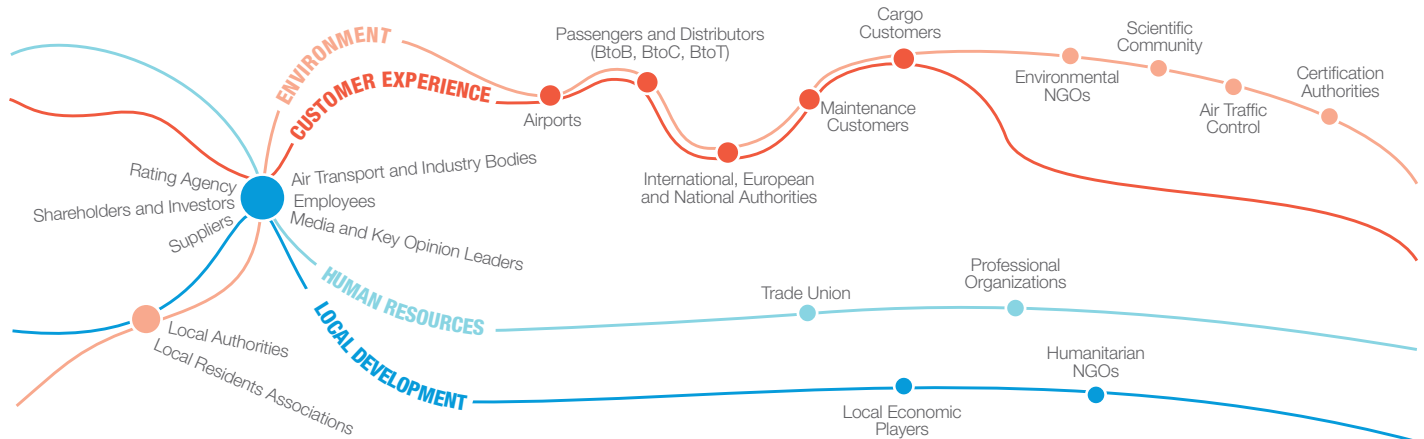
- dialogue with shareholders and investors, recommendations from non-financial ratings agencies;
- reviews and comments collected via dedicated email addresses, websites and social media;
- various engagement pathways to enable stakeholders to express grievances.

For more information about stakeholder dialogue, see p.72.





## OUR STAKEHOLDERS MAP



### Employees

- Annual study on staff perceptions of CSR: 4,500 Air France employees surveyed. 75% of staff members feel that their division is involved in the airline's CSR policy, while 66% feel they are personally involved. 230 suggestions have been submitted, in particular concerning the recycling of waste.
- Annual "Boussole" survey on home-work travel in the Paris region: 3,000 Air France employees participated. Thanks to the suggestions submitted, telecommuting will be rolled out more widely in the company in 2014 (see p.33).
- KLM Takes Care Strategy: in the process of shaping the KLM CSR strategy towards ambitions for 2020 over 100 KLM experts and managers, as well as the KLM Works Council, were involved through interviews, dialogue meetings and workshops.
- Quarterly "CSR Cafés": guest speakers are invited to inspire and inform KLM employees on various current and future sustainability initiatives. In 2013, 4 CSR Cafés took place and over 200 employees attended.

### Local stakeholders

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

### Customers

- Flying Blue customers CSR perception survey: the survey enables to better understand customer expectations and to identify those issues they consider a priority. Main issues identified in 2013: investing in a modern fleet, reducing water and energy consumption and waste, supporting aviation research and renewable energy (see p.43).
- KLM Takes Care online platform: website provides articles and videos and gives customers the opportunity to share their ideas on sustainability topics (see p.43).
- Social media: 7.7 million fans on Facebook and 1.2 million followers via Twitter.

### Partnerships and NGOs

- WWF-NL: In 2013 the joint partnership targets were evaluated and focused on biofuels and food impacts. In the process of reshaping the KLM CSR strategy towards 2020, WWF-NL was involved to reflect on the choices and ambitions for KLM's climate action plan and catering.
- Associations dedicated to CSR: as a member of associations such as ORSE, Comité 21, Global Compact France, Air France pursues a dialogue with experts and other French companies on CSR issues.
- UNICEF the Netherlands: Strategic collaboration focused on Children's Rights impacts by the airline sector.

# CORPORATE GOVERNANCE

**AIRFRANCE KLM**

Limited company with a Board of directors and is organized under French Law. The Board of directors operates according to the French corporate governance principles, as set out in the AFEP-MEDEF Corporate Governance Code.



For further information, see the Registration Document 2013 at [www.airfranceklm-finance.com](http://www.airfranceklm-finance.com)

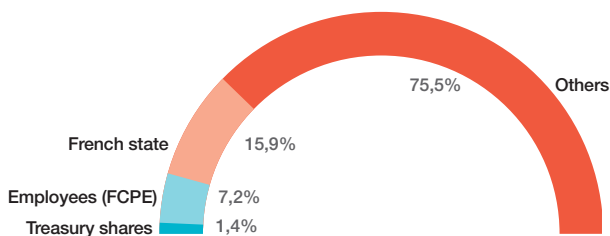
\* In application of §9.2 et 16.1 of the AFEP-MEDEF Corporate Governance Code, the two directors representing employee shareholders are not counted in the calculation of the percentages of independent shareholders within Boards of directors and Committees.

\*\* [www.airfranceklm-finance.com](http://www.airfranceklm-finance.com), Governance section

# SHAREHOLDERS

## BREAKDOWN OF SHARE CAPITAL

December 31, 2013



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, 2013, Air France-KLM was 57.5% owned by French interests (compared with 61.6% on December 31, 2012) and more than 75% by European institutions.

### INVESTORS

Air France-KLM pursues regular dialogue with financial analysts, institutional investors and SRIs. Beyond meetings organized to communicate financial results, senior executives regularly take part in conferences on air transport in Europe and the US. The Group organizes Investor Days which are an opportunity to discuss its strategic decisions. In December 2013, the Group was awarded the “Best Investor Relations by a CEO” for the clarity of communication and the transparency of management techniques at the “Investor Relations and Financial Communication” Forum.

### 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.

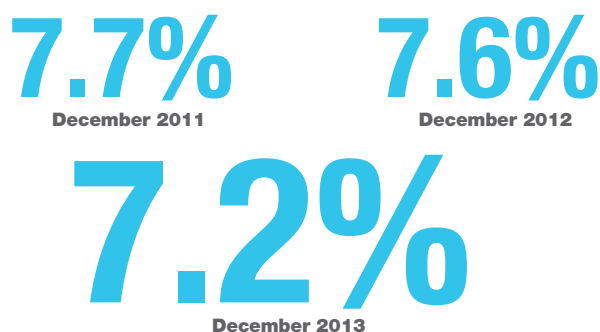
In 2013, Air France-KLM was recognized for its quality relations with shareholders. The “Shareholder Relations Prize” organized by Les Échos and Investir – Le Journal des Finances, in partnership with the auditing group Mazars awarded the main prize to Air France-KLM in the “mid cap” category.

### 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 7.2% of Group equity on December 31, 2013.

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. ●

## EMPLOYEE SHARE OWNERSHIP



## SHAREHOLDERS’ GENERAL MEETING, MAY 16, 2013

One share equals one vote	<b>Yes</b>
Number of shareholders present, represented, granting power of attorney to chairman or voting by mail	<b>13,582</b> shareholders representing <b>142,218,928</b> shares
Attendance rate	<b>48,04%</b>

# SAFETY



Safety is the absolute priority for Air France-KLM. It is imperative for both customers and staff and imperative for the sustainability of air transport.

Safety covers all measures taken to reduce the risks associated with aviation. Aviation security aims to combat criminal and terrorist acts against aircraft and passengers.

## INTERNATIONAL STANDARDS

All of the Group's businesses are subject to extensive controls and certification, and meet extremely strict standards and the highest level of regulations in the industry, at an European level with the European Aviation Safety Agency (EASA), and globally with the International Air Transport Association (IATA), whose IOSA operational safety audit is a standard for the industry.

Following its IOSA safety audit in October 2012, both Air France and KLM were awarded renewed certification, without qualification issues for a further two years. Almost a thousand points were checked.

To achieve the highest attainable standard of flight safety, both airlines have been in the process of upgrading and updating their respective Safety Management Systems (SMS). The SMS deals specifically with the management of risks in aviation, is comprehensively integrated into the organization, processes and culture of the company and is supported by a commitment at the highest level of management within the Group and by training and awareness building initiatives among all staff members.

## CULTURE OF SAFETY

The safety of operations rests upon a shared commitment to rigor, vigilance, individual responsibility and mutual trust.

Employees play a key role in the system, which involves a continuous cycle of improvement. The responsibility of all employees in ensuring flight safety was reaffirmed at Air France by a new awareness campaign launched in July 2013. By reporting issues, staff members help and facilitate the prevention of incidents.

Since the end of 2012, Air France employees have used a single



platform for reporting situations they think may present a risk. In 2013, the system for managing operational incidents was extended to customer service, the environment, health and safety in the workplace, food safety and hygiene. The system is being progressively rolled out across all businesses and enables the sharing of data in order to facilitate the implementation of consistent, comprehensive action plans.

Since the launch of the KLM online safety awareness initiative Safety-F@cts in 2012, managers and employees have received information on safety-related topics in an interactive format, covering subjects such as safety principles and current SMS projects, on a periodic basis.

To ensure staff skills are maintained at the highest level, the Group constantly

improves its training programs. Crisis prevention and management plans are in place at all destinations and exercise drills are carried out on an annual basis.

## ONGOING VIGILANCE

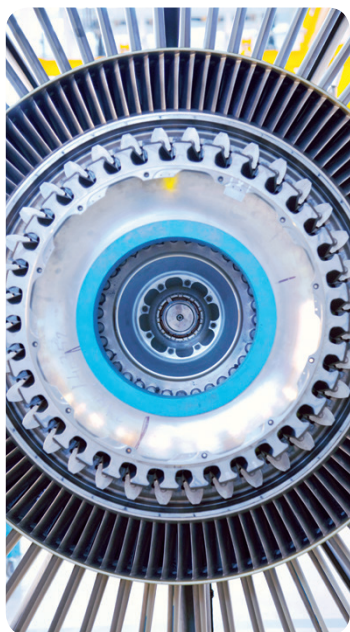
The Group's security procedures aim to ensure the protection of its customers, employees and assets (aircraft, facilities and IT systems). This includes various measures such as risk analysis of Air France-KLM's business and operations, and the systematic inspection of aircraft, passengers, baggage, 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.

In this area, the Group is working directly with airports, government agencies, national civil aviation authorities, the European Commission, the Association of European Airlines, IATA and the International Civil Aviation Organization (ICAO).

In order to ensure the highest level of protection for their customers and employees in more than 100 countries and 200 cities, Air France and KLM's security departments constantly monitor international geopolitical developments. These dedicated teams are responsible for ensuring continuous flight operations and where necessary, for implementing additional security measures. ●



# RISK MANAGEMENT



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

## IDENTIFYING AND MONITORING RISK

Strategic risk mapping and operational risk mapping processes have been established by all the relevant entities, supervised 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, 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 or risks to IT systems. Other risks are linked

to the Group's 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 financial 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 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 operational and financial risks is made by Internal Audit and Internal Control, and presented to the Air France-KLM Executive Committee 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 Board of Directors.

## RULES AND REGULATIONS

The Group meets regulatory requirements governing air transport and complies with standards and regulations, particularly those related to flights, ground operations, aircraft maintenance and airport policing. Progress in these areas has resulted in certification from independent organizations, such as IOSA for flight safety, ISO 9001 for the effectiveness of management systems, ISO 22000 for the safety of onboard catering and ISO 14001 for the validation of environmental management systems.

## INDEPENDENT MONITORING AND AUDITING

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 COSO framework (Committee of Sponsoring Organization of the Treadway Commission), whose purpose is to draw up framework guidelines to ensure the execution and efficiency of operations, the accuracy of accounting and financial data and compliance with laws and regulations. Internal audits contribute to improving the operational processes and help in achieving objectives at Group level or specific objectives in the business.

For further information on risk management, see Air France-KLM Registration Document 2013. ●



# ETHICS



As signatories of the United Nations Global Compact, Air France and KLM are committed to respecting fundamental human rights principles and the fight against corruption.

## RESPECTING HUMAN RIGHTS

In its CSR Statement, Air France-KLM undertakes to respect human rights and to oppose all forms of child and forced labor.

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. In 2013, an updated version of the Charter was signed by the Group's CEO and by representatives of the Group European Works Council.

The Group identifies and assesses risk factors related to human rights within its businesses which cover various areas: health and safety, equal opportunities, work-life balance, systems to protect the personal data of customers and staff.

The Group is committed to ensuring that suppliers and subcontractors throughout the world respect fundamental social rights. Suppliers are requested to sign a Sustainable Development Charter that includes social, environmental and ethical principles based on the UN Global Compact.

In 2013, the Group restated its commitment to children, in particular with regards to the Children's Rights and Business Principles co-developed by UNICEF. Air France contributed to the Vigeo-UNICEF study on the integration of these principles by large companies. KLM signed a three year partnership agreement with UNICEF the Netherlands with the aim to develop guidelines for the airline industry based on these principles.

## APPLYING BUSINESS CONDUCT RULES

Air France-KLM ensures that ethical principles are met in the way it does business. As a framework for its operations, the Group has several rules of conduct. Some of these rules apply to all staff members, while others are more specific. 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.

Air France and KLM comply with legislation on lobbying and defense of economic interests. Air France has a representative working with the French National Assembly and *Le Sénat*, and who is committed to

respect the relevant codes of conduct. KLM has a public affairs representative who is registered in the Dutch Parliament lobby register. KLM public affairs representatives are member of the Dutch Association for Public Affairs Professionals and have signed up to its Code of Conduct. Both Air France and KLM have lobbyists working with European Institutions and who are registered in the EU Transparency register.

Air France-KLM does not tolerate any form of corruption. In line with the evolving international legislative and regulatory context, an "Air France and KLM Anti-Bribery Manual" was made available at the end of 2013. This manual is accessible to all employees and will be supported by an e-learning module in 2014.

To enable staff members to signal serious matters which they may be aware of, such as accountancy and financial fraud or corruption, both Air France and KLM have set up a whistleblower procedure. In 2013, KLM replaced its financial whistleblowers procedure by a broadly applicable procedure which enables 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.

## COMPLYING WITH COMPETITION LAW

Air France-KLM pursues a policy of preventing anti-competitive practices by making its "Air France and KLM Competition Law Compliance Manual" available to all employees. In addition to this publication, several other means of prevention have been made available to employees, such as a telephone hotline dedicated to competition law and training delivered by the Group's legal staff.

An e-learning module on competition regulations has been made compulsory for all Air France and KLM employees holding posts that require such knowledge. In 2013, commercial and procurement managers completed an e-learning module. ●

# PUBLIC POSITIONS

## INCLUSION OF AIRLINES IN THE EU GREENHOUSE GAS EMISSIONS TRADING SCHEME (EU-ETS)

The EU Directive establishing the EU emissions trading scheme (EU ETS) has applied to aviation since 1 January 2012. Air France-KLM has always supported the implementation of a market-based measures mechanism that benefits the environment far more than a straightforward tax, provided the mechanism is non-discriminatory, workable and cost efficient. EU ETS, limited to intra-European flights, should be considered as a first step towards a worldwide system that should be defined at ICAO level.

IATA and individual airlines such as Air France and KLM actively contribute to the ICAO process. Air France-KLM welcomed the landmark agreement that was reached by ICAO Member States to develop a global market-based measure (MBM) on aviation emissions capable of being implemented from 2020.

Following the 2013 ICAO agreement, the EU put forward a proposal for revision of the EU ETS for aviation so as to align the EU approach with the ICAO resolution. The Group supports the application of EU ETS to intra-European flights, and advocates greater stability in European regulations on CO<sub>2</sub> emissions from aviation until 2020.

## SINGLE EUROPEAN SKY

To date, the Single European Sky has not been implemented. The Single European Sky II regulation, passed in 2009 by the European Parliament, was intended to overhaul air traffic control in order to enable a three-fold increase in capacity, improve safety performance by a factor 10, enable up to 12% less CO<sub>2</sub> emissions and reduce ATM costs by 50%. Through active cooperation in the ACARE, AIRE and SESAR programs, Air France-KLM is already involved in the development of measures that will make implementation possible. Air France-KLM calls upon Member States to meet their responsibility by achieving all Single European Sky targets. Air France-KLM remains committed to contributing towards reaching this goal.

## SUSTAINABLE BIOFUELS

Sustainable biofuels constitute a promising way 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 supports the European Commission's Biofuel Flight path 2020 initiative, which is being conducted in partnership with Airbus, Air France, KLM and other European airlines and European biofuel producers. The Dutch government and KLM have signed a "Green Deal" for the period 2011-2015 committing each to specific actions to accelerate the realization of sustainable initiatives in the fields of biofuels and waste treatment. A broad representation of stakeholders, including the Dutch government and KLM, has initiated the BioPort Holland initiative. This 7 year initiative aims to develop the first real bio jetfuel hub in Europe.

The French government also supports French stakeholders including Air France in order to evaluate the opportunity of a French biofuel production pathway. In 2013, the Ministry in charge of Transport supported an 8.5 million euros budget project that aims to identify new breakthrough industrial technologies for sustainable biofuels production from 2020.

## SUPPORTING THE COMPETITIVENESS OF EUROPEAN AVIATION

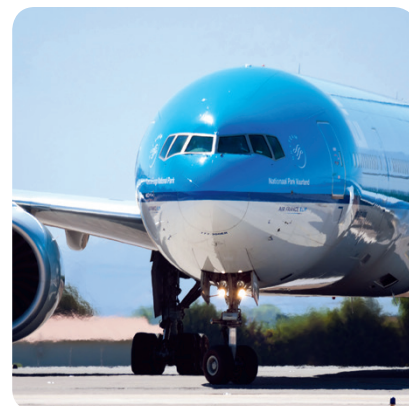
Air France-KLM shares the observations and analysis made by the European Commission in its external relations communication of the 27th September 2012. Air France-KLM applauds the Commission's efforts to promote a level playing field for competition both within the EU and with countries outside the EU. European airlines have significantly higher infrastructure costs in Europe than in other parts of the world. European regulations need to be structured to maintain the competitiveness of the industry, particularly in areas as air traffic control and airport charges. Innovation and support for R&D projects is also key to ensuring our future competitiveness. ACARE's (Advisory Council for Aviation Research and Innovation in Europe) strategic roadmap for research, innovation and appropriate regulation is an instrument to support the right European initiatives. ACARE is chaired by Peter Hartman, Vice Chairman Air France-KLM and both airlines are actively involved at various levels within ACARE.

## CONSUMER RIGHTS

Customer service, punctuality and service reliability are at the heart of our business. Both 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. ●



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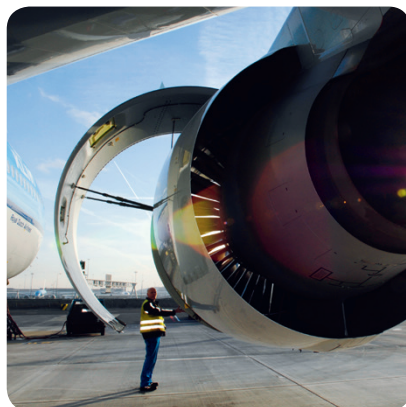
# ENVIRONMENT

## 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 entire staff and the industry.







## OBJECTIVES

## SCHEDULE

## MAIN ACHIEVEMENTS 2013

CO<sub>2</sub>

Air France: <b>1.5%</b> improvement to energy efficiency per year	2020	<b>3.57</b> liters/passenger/100km or <b>89</b> g/passenger/km <b>1.9%</b> reduction compared to 2012
KLM: <b>20%</b> reduction of CO <sub>2</sub> emissions per ton/kilometer in 2020 (baseline 2009: 91.6g CO <sub>2</sub> /passenger/km)	2020	<b>86g</b> CO <sub>2</sub> /passenger/km <b>6%</b> reduction compared to 2009
Air France: "New fuel Plan" resulting in a <b>1%</b> reduction in fuel consumption by 2015 (compared to 2011)	2015	Fuel saving: <b>44 million</b> liters (110,000 tons of CO <sub>2</sub> emissions saved)
KLM: <b>8 million</b> liters fuel saving	2013	Fuel saving: <b>9 million</b> liters (28,000 tons of CO <sub>2</sub> emissions saved)
KLM: Aim for aspirational target of <b>1%</b> sustainable biofuel in the context of WWF-NL partnership	2015	→ Series of <b>26</b> flights with biofuel from New York to Amsterdam → Increased participation in KLM BioFuel program for corporate customers

## NOISE

Air France: Expand activity while keeping noise emissions below <b>2005</b> levels (10 major French airports)	2013	<b>33.3%</b> reduction in noise energy compared to 2005
KLM: Reduce noise at Schiphol in partnership with the aviation sector	2013	KLM and Alders Table parties jointly advised the Dutch government on a new regulatory and enforcement system

## BIODIVERSITY

Air France: Madagascar project	2013	Results of First Phase (2008-13): 34,000 households informed about alternative agriculture (5,000 of these have already adopted at least one of the techniques suggested), 22,000 hectares of forests restored, 2,200 hectares reforested, 470,000 hectares of new protected areas created to conserve forests and biodiversity, 110 transfers of natural resource management (TGRN) to populations covering 332,900 hectares
KLM: <b>100%</b> sustainable inflight catering products (from Amsterdam)	2020	→ 16 new products added to sustainable inflight catering offer → Roadmap established to phase out non-sustainable soy and palm oil

## OBJECTIVES

## SCHEDULE

## MAIN ACHIEVEMENTS 2013

### LOCAL AIR QUALITY

Air France: Electrically powered vehicles and ground equipment	2013	→ 10% reduction of vehicles fleet → 6 new electric vehicles
Air France: Contribute to the reduction of polluting emissions caused by Air France staff work-home commuting in the Paris region with a <b>5%</b> shift in transport modes	2013	Rate of car use: <b>79%</b> (80% in 2012) Rate of public transportation use: <b>14%</b> (12% in 2012)
Air France: Implementation of fuel efficient taxiing solutions	2013	Partnership with Safran and Honeywell in the development of the Electric Green Taxiing System
KLM: Minimize the use of APU by towing with external power	2013	Nox emission reduction due to <b>4,300</b> hours less APU use
KLM: Electrically powered ground equipment	2013	→ <b>11</b> new electric conveyor belts → <b>40%</b> electric ground equipment (36% in 2012)

### WASTE

Air France: Increase proportion of waste recycled to <b>50%</b>	2014	Rate of recycled waste (hazardous and non hazardous): <b>38%</b>
KLM: <b>100%</b> waste recycling and recovery	2020	<b>17%</b> increase of separated and recycled catering waste to <b>25%</b>

### ENERGY

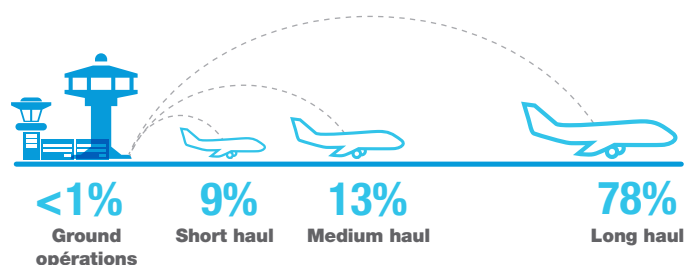
Air France: Improve the energy efficiency of buildings through an <b>8%</b> reduction in their energy consumption (baseline 2011)	2014	Energy efficiency of buildings improvement: <b>8.7%</b> Objective exceeded in 2013 and will be updated in 2014
KLM: → <b>2%</b> annual improvement in the energy efficiency of buildings → <b>20%</b> CO <sub>2</sub> reduction in buildings and ground processes (baseline 2011)	2016  2020	> <b>2%</b> energy efficiency improvement  <b>100%</b> green energy from water power

# KEY FIGURES

## CARBON FOOTPRINT

**27.7 million tons CO<sub>2</sub>**

### BREAKDOWN OF CO<sub>2</sub> EMISSIONS FOR FLIGHT AND GROUND OPERATIONS



**8.7 million tons fuel**  
consumed

## SPECIFIC FUEL CONSUMPTION

**3.5 liters**  
/passenger/100km

**18% reduction**  
compared to 2000

## FLEET

**552 aircraft**  
in operation

**10.2 years**  
average age of the fleet

## NOISE

**35% reduction**

compared to 2000 and to a 14% increase in movements

## WASTE

**54,966 tons**

Non-hazardous waste  
3.7% reduction compared to 2012

**61% recycling**

Hazardous industrial waste  
+3 pts compared to 2012

## WATER

**825,000 m<sup>3</sup>**

+1.6% compared to 2012

## ENERGY

**917,980 MWh**

Energy consumption (electricity, gas, other energy)  
+1.3% compared to 2012



# 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 CO<sub>2</sub> NEUTRAL GROWTH FROM 2020

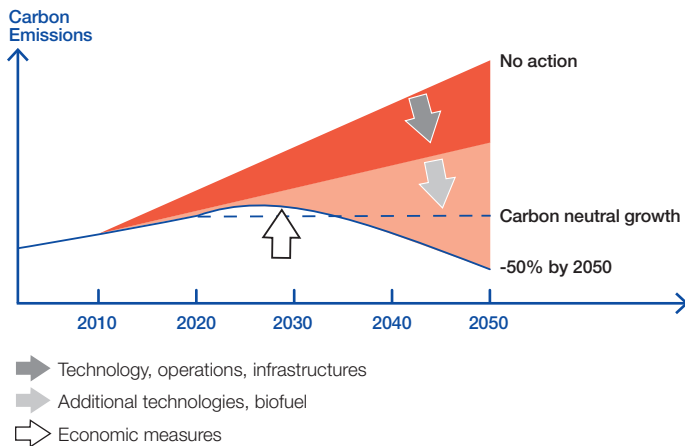
Air transport was the first sector to take global action on CO<sub>2</sub> emissions. In 2009, the International Air Transport Association (IATA) set an ambitious worldwide commitment with 3 targets for the short and long term:

➤ **1.5% per year** energy efficiency until 2020 (excluding economic measures)

➔ **Carbon neutral growth** from 2020 onwards

➤ **50% reduction** in CO<sub>2</sub> emissions by 2050, compared with 2005 levels

## MAPPING OUT THE INDUSTRY COMMITMENTS

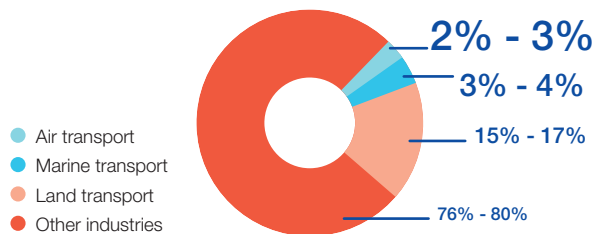


Regulations at a global, sectoral level are required to effectively manage CO<sub>2</sub> emissions. In October 2013, the Organization of International Civil Aviation Organization (ICAO) stated its commitment to putting in place a single, global, market-based measure for carbon emissions in 2020. A road map should be set out for the 2016 ICAO Assembly (see Public position p.21).

Air France-KLM is meeting its responsibilities and supports the sector's global commitment to make a fair contribution in the collective effort to reduce CO<sub>2</sub> emissions related to air transport. In its Climate Action Plan, the Group sets out the ways in which it is mitigating impacts on climate change. ●

## SHARE OF TRANSPORT IN GLOBAL MAN-MADE CO<sub>2</sub> EMISSIONS

Source: GIEC, Stern Review



## AIR FRANCE-KLM'S CLIMATE ACTION PLAN

- ➔ The Group pursues fleet modernization and contributes to aeronautical research.
- ➔ The Group involves its entire staff and external stakeholders around ambitious environmental action plans, from saving fuel in flight operations to cutting emissions on the ground, and applying eco-design principles.
- ➔ The Group actively stimulates the implementation of sustainable aviation biofuels and is involved in research for renewable energy.
- ➔ The Group supports environmental protection programs led by NGOs.
- ➔ The Group provides customers with information on their travel-related CO<sub>2</sub> emissions and opportunities to offset these.
- ➔ The Group supports efforts towards achieving a global climate agreement, with a fair contribution for aviation.

## Carbon Disclosure Project

Air France-KLM received the Climate Performance Leader prize in 2013, awarded after an analysis of the Carbon Disclosure Project (CDP).

This award places the Group among the nine French leaders distinguished among the top 250 French stock market capitalizations. It is in recognition of the actions carried out by the Group to reduce its carbon footprint and the transparency of its actions.

# CARBON FOOTPRINT

Through its Climate Action Plan, which focuses on fleet renewal, improving operational efficiency, use of sustainable biofuel and offsetting, Air France-KLM aims to reduce its carbon footprint. In all departments, staff members are involved to optimize operations.

## Air France's Fuel Plan

The Fuel Plan aims to identify and implement all possible means of saving fuel, in strict compliance with flight safety. 150 measures have been identified and more than 30 have already been implemented. New initiatives were put into practice in 2013, with new cruise climb and approach procedures tested on the 777 fleet. A project to optimize the amount of water carried on board is being developed on the 777 and 380 fleets. Air France is working on "eco-responsible" changes to aircraft and systems, such as green taxiing which enables taxiing with engines stopped, and fitting sharklets to A320s; these wingtip devices reduce fuel use by 2-4% on medium-haul flights.

The combined effect of these actions has resulted in a 110,000 ton reduction in CO<sub>2</sub> emissions, and a 35,000 ton reduction in fuel consumed in 2013, compared to 2012, a saving of 28 million euros.

and three A320, withdrawal of one Boeing 747-400 cargo, one A340-300 and 13 A320.

→ KLM fleet in 2013: Arrival of one Boeing 777-300, one Airbus A 330-300, one A330-200, one Boeing 737-800, withdrawal of three MD11 and three Boeing 737-400.

For more information on Air France-KLM fleet, see p.76 and also Registration Document 2013.

## FLEET MODERNIZATION

A modern, more energy efficient fleet has a better economic and environmental performance.

→ Average age of the Air France-KLM fleet: 10.2 years.

→ Air France and KLM joint acquisition contracts for twenty-five Boeing 787s and twenty-five A350s: Deliveries starting in 2015.

→ Air France fleet in 2013: arrival of the ninth Airbus 380

## AMBITIONS 2020

### Air France

↘ **1.5%** per year

Improve energy efficiency by 1.5% per year (liters fuel/passenger/100km).

### KLM

↘ **20%** by 2020

Reduce CO<sub>2</sub> emissions by 20% by 2020 compared to 2009 (tons / km).

## OPERATIONAL EFFICIENCY

### Reducing weight carried on board

The heavier an aircraft is, the more fuel it consumes. Significant weight savings have been achieved through numerous improvements: Pilots' technical documentation, trolleys, carpets and seats. Since 2008, Air France has reduced the weight of cabin equipment by 15%. One kilo in weight reduction on board all Air France aircraft saves 73 tons of CO<sub>2</sub> per year.

Some examples:

→ Air France has equipped its entire long-haul fleet with new, lighter baggage containers in composite fiber: 3,650 replaced containers resulting in a 8,000 tons annual reduction in CO<sub>2</sub> emissions.

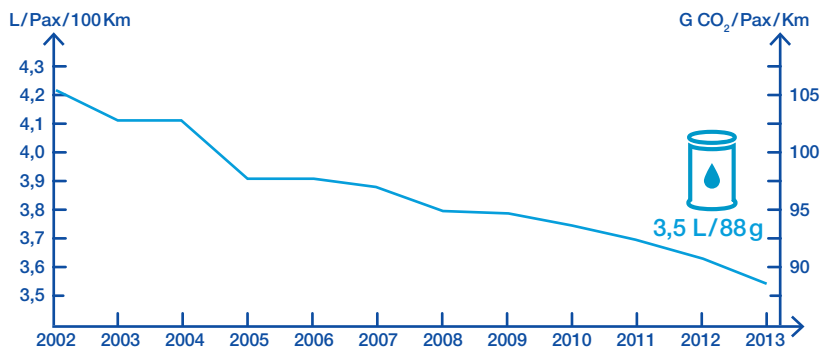
→ Air France-KLM - Martinair Cargo has commissioned cargo nets made with an innovative, lighter and more resistant fiber. The Group will replace all of its 22,000 nets, resulting in a 55,000 ton reduction in CO<sub>2</sub> per year (see p.45).

## CO<sub>2</sub> EMISSIONS AND TRAFFIC



Air France and KLM figures

## GROUP SPECIFIC FUEL CONSUMPTION



## KLM Optimal Flight Program

KLM, in partnership with the Schiphol Group, Delta Air Lines and the Port Authority of New York and New Jersey executed the first flight in a series of biofuel-powered flights between Amsterdam and New York on March 8, 2013. The sustainable jet fuel used during these flights was 100% US-produced fuel made from used cooking oil (UCO) and camelina oil, sourced and supplied by SkyNRG. This flight of the KLM Boeing 777-200 also marked the beginning of the Optimal Flight Program, by which KLM, together with Boeing, Amsterdam Airport Schiphol and Air Traffic Control in The Netherlands and research partners (TU Delft, NLR), demonstrated that, apart from achieving gains by using biofuel, there are other ways to reduce fuel consumption and CO<sub>2</sub>-emissions. For example through shorter taxiing routes, gradual climb, choosing the best possible route, speed and altitude, weight reduction on board i.e. providing crew with iPads and electrical power supplied from airport instead of aircraft. The ultimate goal is to implement process changes that are operationally feasible, so that airlines can benefit from them on a day-to-day basis. Due to this integrated approach almost 5% fuel savings were achieved compared to regular flight schemes.

### Optimizing use of airspace

Fuel efficiency improvement can be made through the optimization of routes and flight paths, the reduction of aircraft waiting times and optimized altitudes (see Public position page 21).

→ Air Traffic Control's impact on Air France Group's fuel consumption has been estimated at 6% or around 70,000 tons per year.

→ Air France has participated in the implementation of a new "Point Merge" approach procedure for arrivals at Paris-CDG resulting in fuel savings.

→ Improved airspace utilization resulted for KLM in a CO<sub>2</sub> reduction of around 12,000 tons in 2013.

### Eco-piloting in the air and on the ground

The Group's pilots apply when possible the most fuel efficient procedures: Flight plan precision, speed adjustments and optimized procedures, taxiing with one engine and use of electric Aircraft Ground Power Units (GPU), rather than Auxiliary Power Units (APU).

→ Air France: With WEFree Program Air France operates flights between France and Italy with direct routes during the week-end, resulting in fuel savings. In the Engage Program, flights between Paris-CDG and New York-JFK and Washington use optimized speed and altitude.

→ KLM: Various operational efficiency measures were combined in the Optimal Flight Program, resulting in a CO<sub>2</sub> reduction of around 7,000 tons in 2013.

## USING SUSTAINABLE BIOFUELS

Air France-KLM considers the transition from fossil fuels to renewables as a priority to ensure the future of commercial aviation. The Group's strategy is to explore 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 a market for sustainable biofuels. For more information see pages 21 and 30.

## OFFSETTING EMISSIONS

Offsetting is a good option to reduce CO<sub>2</sub> emissions. Air France and KLM provide their customers with CO<sub>2</sub> emissions calculators, based on actual emissions for each flight. These are available on the Air France and KLM websites and include the option to offset emissions. The Group offers certified sustainable carbon reduction credits through Air France's partnership with GoodPlanet and KLM's CO2ZERO program. In past years 170,000 tons of CO<sub>2</sub> have been offset through KLM's CO2ZERO program. ●

# SUSTAINABLE BIOFUELS

In recent years, Air France and KLM have shown that flying on biofuel can be done safely and sustainably. The ambition is to create a market for bio-jet fuel that complies with strict environmental, social and economic criteria. This should lead to a significant increase of available bio-jet fuel in the years to come.

Air France and KLM have entered into new and innovative partnerships both with corporate clients as well as suppliers, airports and logistic partners to achieve more volume and new markets for sustainable biofuels.

The Group supports the use of different types of renewable feedstock, provided its production meets stringent sustainability criteria, including: substantial reduction in CO<sub>2</sub> 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

→ Roundtable on Sustainable Biomaterials (RSB): Air France and KLM have been members of the RSB since 2008. This standard is included in the European Commission's Regulation (RED) and was recently recognized by the WWF as best in class.

→ SkyNRG independent Sustainability Board: To ensure the sustainability of biofuels supplied by SkyNRG, WWF-NL, Solidaridad and the Science Institute Copernicus in The Netherlands are represented in the Sustainability Board.

## SUPPORT REGULATORY INCENTIVES

→ European Commission Biofuel Flightpath: Annual production of 2 million tons of sustainably produced biofuel for aviation by 2020.

→ Ini-FCA (Future Alternative Fuels Initiative) led by the DGAC: Production of 200,000 tons of biofuel in France by 2020.

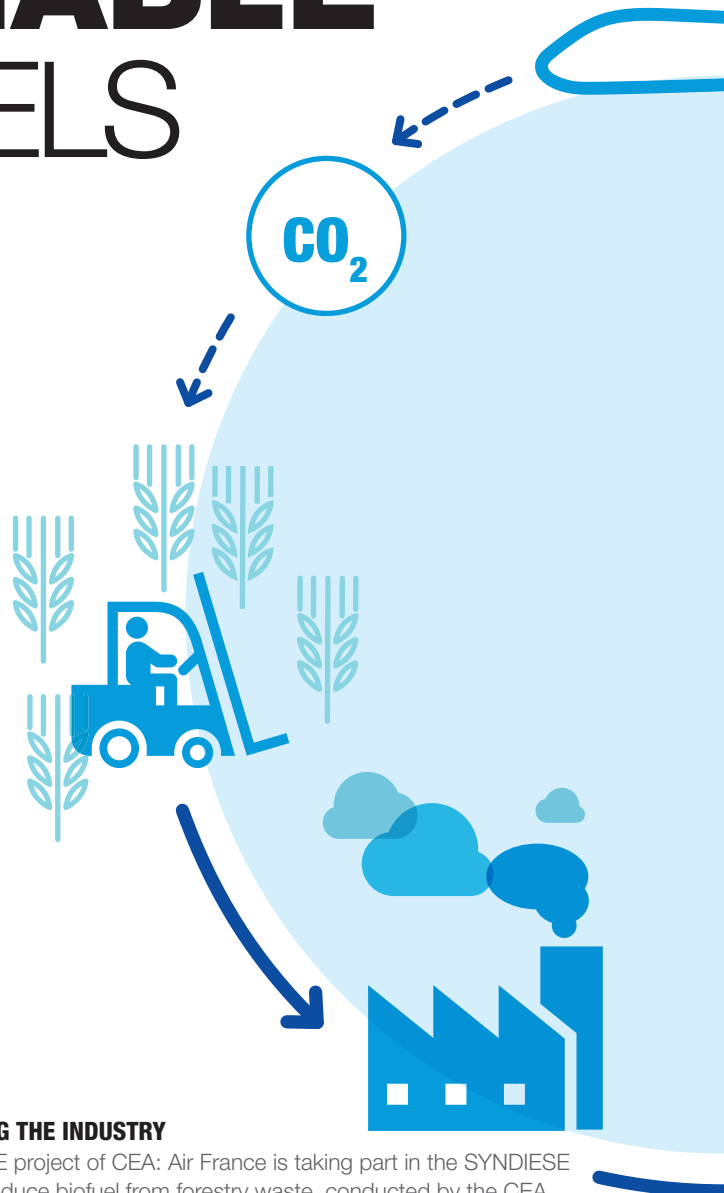
→ Green Deal Biokerosene: Deal between KLM and the Dutch government from 2011 to incentivize the market of biofuels.

## STIMULATING THE INDUSTRY

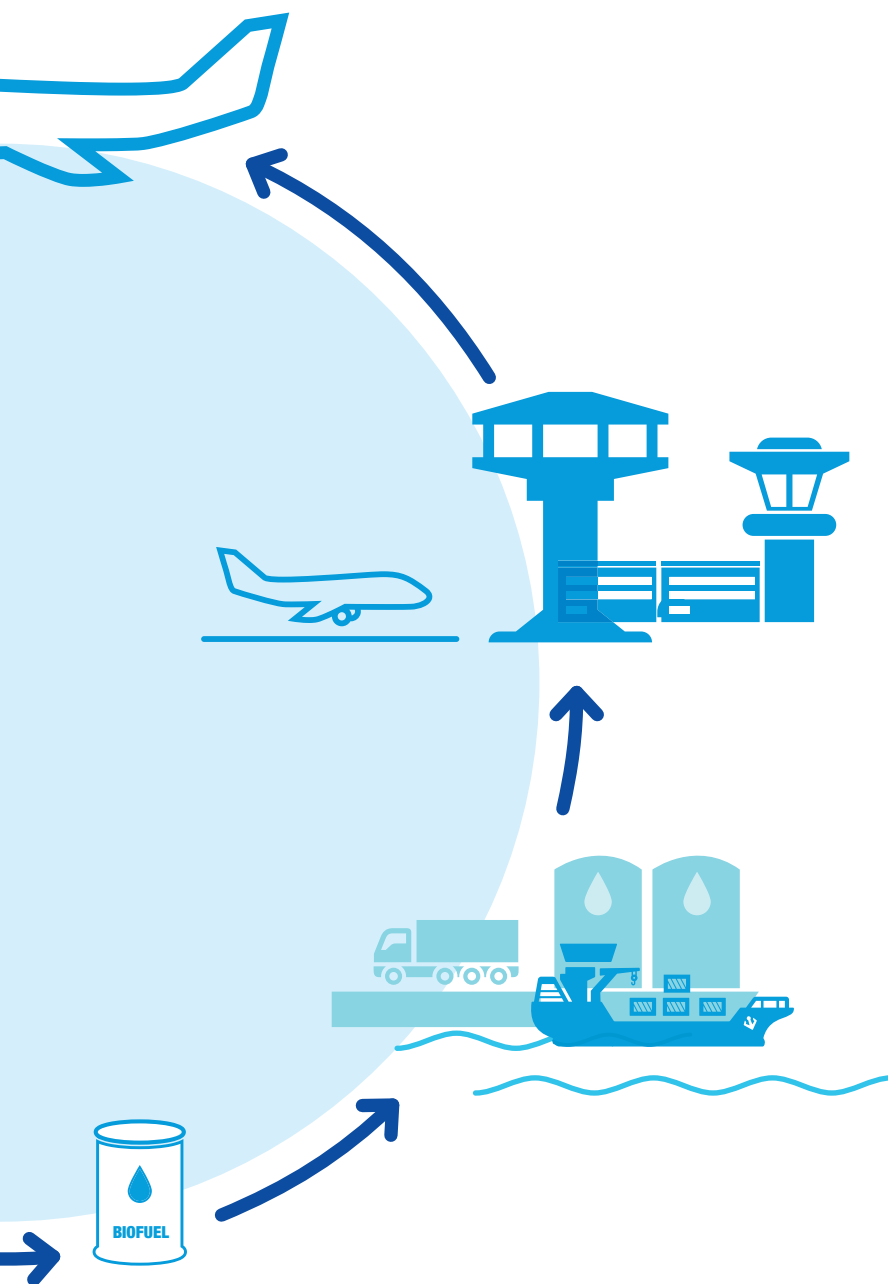
→ SYNDIESE project of CEA: Air France is taking part in the SYNDIESE project to produce biofuel from forestry waste, conducted by the CEA (Atomic and Alternative Energies Commission), aiming to demonstrate the feasibility of a complete production line for sustainable biofuels, using thermochemical processes. Annual production could eventually reach 22,000 tons of biofuel (diesel/kerosene/naphtha), minimum 60% kerosene, produced from 75,000 tons of dry biomass sourced from local forests.

→ ITAKA (Initiative Towards sustainable Kerosene for Aviation): ITAKA is an European founded collaborative project, aimed to produce sustainable aviation biofuel and to test its logistics and use in normal flight operations on board KLM aircraft.

→ CAER (Aeronautical Alternative Fuel) initiative: Identifying breakthrough industrial technologies for sustainable biofuel production from 2020. The project has a budget of 8.5 million and is supported by the French Ministry for Transport.







## INVOLVING CUSTOMERS AND PARTNERS

- **Joining our energies:** In cooperation with Airbus, Safran and Total, Air France executed a demonstration flight from Toulouse to Le Bourget using an Airbus 321, fitted with sharklets, powered by CFM56s and fueled partially using Bio-jet A-1 Total/Amyris, a biofuel produced through an innovative technology for processing sugar. One of the objectives was to illustrate the technical capacity of the French aeronautical industry to incorporate biofuels and emphasize the need to strengthen research in this area (see Public position p.21).
- **KLM Biofuel Program:** KLM doubled the number of corporate customers of this program (see p.49).
- **SAFUG:** Since its founding in 2008 Air France and KLM have participated in the Sustainable Aviation Fuel Users Group (SAFUG) with 27 member airlines, covering 31% to the world commercial aviation fuel demand. SAFUG aims to enhance the development, certification, and commercial use of lower carbon renewable fuels, derived from environmentally and socially sustainable sources.
- **WWF-NL and KLM** collaborate on making the aviation industry more sustainable.



## Joining our Energies

### Biofuel Initiative France



Dutch partners for  
more sustainable aviation  
and nature conservation



## INNOVATION IN THE SUPPLY CHAIN

- **SkyNRG:** Supplier for sustainable jet fuel established by KLM in cooperation with Argos and Spring Associates to develop a range of sustainable fuels from purchase to delivery. In 2013, SkyNRG became the first sustainable jet biofuel supplier to achieve industry approved RSB certification.
- **Climate-KIC:** Europe's largest public-private innovation partnership, working together to address the challenge of climate change. KLM Climate KIC collaboration is the development of bio-economy.
- **Bioport Holland:** Joint initiative with KLM, Dutch Government, Neste Oil, Port of Rotterdam, SkyNRG and Schiphol Airport. These parties recently signed a declaration of intent aimed at the large-scale use of sustainable biofuels.

# NOISE

Noise is one of the main issues of Air France-KLM's environmental policy. The Group aims to support the increasing demand for mobility, while maintaining noise hindrance at an acceptable level for people living near airports. The Group manages noise in two main ways: By operating a modern fleet and by implementing noise abatement procedures.

## REDUCING NOISE

Renewal and modernization of the fleet have a major impact on the noise reduction at source. The Group pursues 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 will finish phasing out its MD11-fleet, which is replaced by quieter aircraft to structurally improve noise impact.

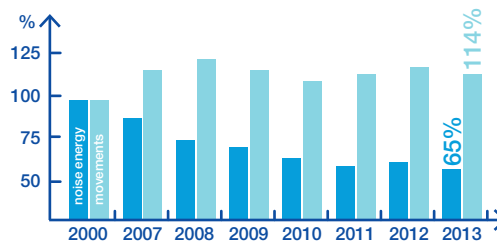
In addition to these investments, the Group is involved in developing noise abatement procedures. Both airlines are working to improve departure and approach procedures, along with the French and Dutch civil aviation authorities, which are assessing environmental benefits. Night traffic is governed by strict rules on the number of allocated slots and the respect of scheduled times. In addition, aircraft must comply with noise criteria.

## DIALOGUE WITH RESIDENTS

As members of dialogue platforms that bring airlines, airports and local residents' representatives together in dialogue, Air France and KLM contribute to discussions on the development of air traffic and noise (see p.15).

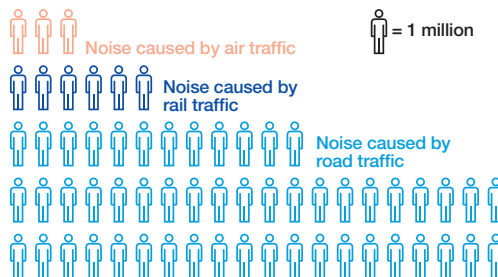
After two years of testing, the parties at the Alderstale jointly advised the Dutch government to implement the new regulatory and enforcement system. Given the successful cooperation in the Schiphol area, the dialogue with Schiphol Regional Consultative Committee (CROS) and various working groups will be continued in the "vicinity council".

## GLOBAL NOISE ENERGY



## NOISE EXPOSURE IN EUROPE

(Million people exposed to more than 55 dB)



In France, rules on soundproofing apply to housing exposed to noise levels above 55 dB, located in the airport noise hindrance area ("Plan de gêne sonore").

Source: European Commission Report on the implementation of the Environmental Directive 2002/49/EC, June 2011.

French and Dutch government policies include exposure to aircraft noise in urban planning considerations. They reduce the impact of noise through financial help for soundproofing houses. Air transport is the only industry that fully finances such a comprehensive noise hindrance reduction system. In 2013, Air France-KLM paid 32.5 million euros towards soundproofing.

# 35%

noise reduction compared with 2000 despite a 14% increase in movements

# €32.5m

paid in 2013 for soundproofing

## Dialogue with residents led to new solutions for aircraft noise

In 2014, Air France will gradually fit all of its A320 family aircraft (A318, A319, A320 and A321) with noise reduction kits.

This decision is the result of a dialogue with local residents concerning a particular noise produced by A320s. Following complaints from residents living close to the airports, cooperation with Airbus and the French aviation authorities (DGAC) led to the development of solutions for new and in-service aircraft reducing substantially the noise hindrance during descent.

# AIR QUALITY

Aviation has an impact on the air quality in areas surrounding airports, as a result of emissions and particulates from aircraft, engines, ground operations and maintenance activities.

Air France-KLM reduces local emissions of its activities in three ways: through fleet renewal, investment in cleaner vehicles and equipment and operational procedures.

## MEASURING EMISSIONS ON THE GROUND AND AT LOW ALTITUDE

At both Paris-CDG and Schiphol Airport, the majority of gases emitted are produced by aircraft movements (taxiing, takeoff and landing). The remainder are produced by ground activities, including logistics and road access to the airport for passengers, employees and suppliers.

Over the past ten years, aviation's contribution to emissions in the Paris region, which includes accessing and operating the airport, has remained stable. This is also the case for Schiphol Airport where the yearly measurements on particulate matter (PM) indicated that the local air quality has even slightly improved over the last few years.

## CLEANER VEHICLES AND EQUIPMENT

On the ground, Air France and KLM have chosen to prioritize electric vehicles when renewing their fleet. 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.

In 2013, KLM replaced eleven fossil fuel powered conveyor belts with electric ones, resulting in a reduction of emissions in the direct surrounding of the handled aircraft. The objective of KLM is to increase the percentage of electric GSE equipment to 60% in the coming years. Air France has contributed to the design of prototypes and

### Air France mobility plan for employees

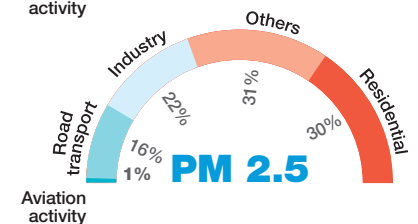
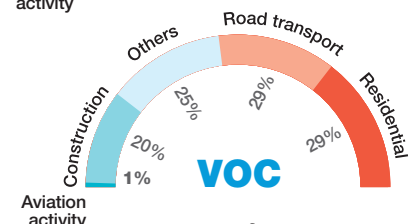
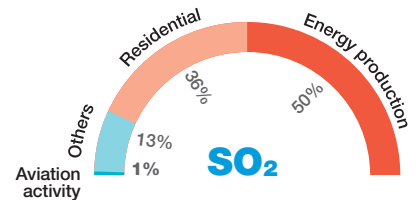
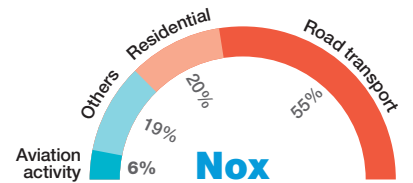
Since 2008, Air France has been involved in a protection plan for air in the Paris area through its business travel plan for Air France employees based in the Paris region. The plan aims to reduce emissions caused by commuting thanks to measures to promote public transport use, by creating open, shared offices and by setting up a car pooling website. Of the 44,000 employees concerned, 79% travel to work by car and have an estimated average daily commute of 1 hour and 30 minutes. This issue is important for the company 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.

For example, in 2013, a study on the accessibility of a maintenance site at Villeneuve-le-Roi should lead to the opening of a new bus route with a timetable designed around the working hours of employees at the site, as well as a development study into eco-friendly transport.

## BREAKDOWN OF EMISSIONS PER SECTOR IN PARIS REGION AREA

Source : Airparif 2013



new equipment, including an electric vehicle to transport technicians, their equipment and aircraft parts around Air France Industries maintenance sites at Paris-CDG and Orly.

## OPERATIONAL PROCEDURES

Together with Paris-CDG and Schiphol Airport, Air France and KLM have taken measures to lower emissions of NOx and CO<sub>2</sub> of ground handling of aircraft.

Rather than using kerosene-powered APU (Auxiliary Power Units), Air France and KLM use electric GPU (Ground Power Units) when possible to power aircraft and ACU (Air Conditioning Units) to maintain an acceptable temperature on board the aircraft. The GPUs, as well as an increasing number of aircraft towing trucks have been equipped with automatic power shut down systems. Currently 70% of the Pre Conditioned Air (PCA) units of KLM are electric.

Towing of aircraft with the use of external power (not using APU) resulted in a prevention of more than 2,000 tons CO<sub>2</sub> emissions in 2013 at Schiphol. ●



# WASTE

Air France-KLM minimizes the generation of waste and increases recycling and reprocessing throughout the supply chain. Waste is also identified by customers as one of the main environmental issues the Group should take care of.

To limit waste impact, Air France and KLM work with the four principles redesign, reduce, reuse, recycle.

Main targets:

➤ **50%** of recycled waste in 2014 at Air France.

➤ "No waste of resources and materials" ambition targeting **100%** waste recycling and recovery in 2020 at KLM.

## ONBOARD WASTE

The majority (70%) of the Group's non-hazardous waste is related to onboard catering.

At Air France 80% of items used for service on board, including coffee servers, metal cutlery, trays, drawers, blankets, trolleys and reusable headsets are recycled every year. Items designed with eco-design approaches that take into account the entire life cycle of products are favored. Four families of materials are recycled: Plastics, metals, textiles, papers. Textiles are largely recycled in the manufacture of insulating materials for cars; plastics are mostly reused in the production of new materials such as Air France drawers and serving trays.

KLM Catering Services added the recycling of various types of waste: Cardboard, plastic, polystyrene. On KLM European flights the coffee cups and disposable glasses are being separated during service on board for recycling purposes. Overall, 40% of KLM's aircraft waste is reused as raw material for new products, instead of being disposed of or incinerated.

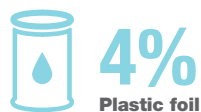
Due to regulations, catering waste from means of transport operating internationally has to be incinerated and is used to produce energy. Servair has been working on the future of non-incinerated waste for several years. For example, non-reusable wooden pallets are pelletized for heating, while used cooking oils are used to produce biodiesel or combustible material.

## METAL AND AIRCRAFT RECYCLING

As part of aircraft maintenance operations, Air France and KLM have introduced a program for recycling aviation scrap metal, part of which is used to manufacture new parts. A total of 60 tons of aircraft parts and 160 tons of metal were recycled in 2013.

This Scrap program has been extended to recycle materials from four other types of waste: Carpets, equipment, pallets and blankets.

Subsidiary KLM UK Engineering opened a new facility dedicated to



## BREAKDOWN OF WASTE PER TYPE AT KLM IN 2013

tures these items in France.

For KLM's New World Business Class, fibers of old KLM uniforms were used for the carpets. In 2013 KLM received cradle-to-cradle take-back certificates for 9 tons of office carpets. The separated materials will subsequently be re-used as a high-energy fuel for the cement industry or as raw material for new carpet (see P.49). ●

dismantling and recycling aircraft at the end of 2013. Located in Norwich (United Kingdom), it is one of the largest recycling centers in Europe. Recovered equipment is refurbished for reuse or sold. Fuel, lubricants and other potentially polluting products are collected and processed safely, while the frame of the aircraft is cut into smaller parts before being recycled. 12 aircraft will be dismantled in the facility in 2014, with the goal of doubling that number next year.

## GIVING WASTE A NEW LIFE

At Air France the reuse of 10.4 tons of used uniforms and clothing resulted in insulating fiber for car manufacturing (360 cars equipped). Additionally, in 2013 Air France out-of-date lifejackets were upcycled into travel bags, while a collection of bags was made using a giant advertising tarpaulin displayed at Paris-Orly. The handles for the bags were made from recycled seat belts. A sheltered sector company manufac-

# WATER AND ENERGY

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

Main targets:

↘ **8%** energy efficiency improvement by 2014 (baseline 2011) at Air France  
 ↘ **2%** per year resulting in **20%** energy efficiency improvement in 2020 (baseline 2011) at KLM

## ENERGY CONSUMPTION AND EFFICIENCY

Saving energy is an ongoing challenge and action plans raise awareness among employees. New buildings are designed to take into account environmental criteria, along with ergonomics and the well-being of users.

KLM has insulated a large part of all the boiler houses that operate with high temperatures, with a flexible material that can be removed for maintenance reasons. The first results indicate that on average up to 8% of natural gas is saved.

Since 2013, Air France buildings in Toulouse have been heated by a new system of heat recovery from refrigeration units used for cooling the data center. This system has resulted in a 86% decline of the consumption of natural gas.

Due to the implementation of energy saving measures in partnership with suppliers, energy consumption of Air France buildings is expected to decline by 5% to 12.5% in 2014, notably to heat aircraft maintenance hangars at Paris-CDG.

KLM Catering Services has started a pilot in their warehouse untesting six types of lighting compared to conventional ones. A combination of Eco-efficiency lighting, High Frequency and Lighting with Presence and Day-light detection is being tested. Energy consumption is measured every hour. Questionnaires devised together with KLM Health Services gather information from the employees to test well-being and performance. This way energy

## A single indicator at Air France Industries

As part of its environmental policy, the Maintenance division is monitoring several indicators, including energy and water consumption, emissions of volatile substances, industrial waste, the use of toxic substances, etc. The results have been combined in a single index, which is published annually on the Air France Industries website.



saving and employee well-being go hand in hand.

## SUSTAINABLE ENERGY

KLM increased the percentage of sustainable electricity consumption from 83% in 2012 to 100% in 2013 by means of green energy in the form of hydro-energy. In addition, KLM operates aquifers with heat pumps. These are underground water-bearing layers from which water can be extracted. Five buildings are heated and cooled by using aquifers. The amount of sustainable energy generated by these five aquifers in 2013 was an equivalent of 180,000 m<sup>3</sup> natural gas and 800,000 kWh electricity.

## SAVING WATER

Air France and KLM make continuous efforts to reduce water consumption through better management of its processes, making its teams more accountable and by factoring environmental criteria into

the design and realization of its tools and work stations.

The two water consuming businesses are catering, which represents around 45% of total consumption, and maintenance activities (around 25%), including engines and aircraft cleaning.

Servair continues to deploy tools enabling the consumption of its industrial washing machines, which use a lot of water, to be monitored closely. This has led to 20% reduction in water use, a saving of around 60 million liters of water since 2009.

Reducing water consumption requires innovation. Since 2012, Air France has followed a new process to clean the exterior of aircraft. By using pads this process uses 100 times less water than the previous system: 100 liters to clean a Boeing 777, rather than 10,000 liters previously. This has resulted in water savings of 8 million liters, reducing the need to treat wastewater.

In 2013, KLM implemented a new aircraft exterior cleaning system, resulting in 40% water savings. ●

# RESEARCH AND INNOVATION

Air France-KLM supports research and innovation to better understand the environmental impact of its businesses and to act on this effectively.

## PROGRESS ON CLIMATE CHANGE, NOISE AND AIR QUALITY

Since July 2013, Air France-KLM has chaired ACARE, the Advisory Council for Aviation Research and Innovation in Europe. ACARE maintains an European network for strategic research into aeronautical and aviation policy. Through its recommendations to the European Commission, ACARE contributes to the development of more environmentally friendly aviation, while maintaining the competitiveness of European airlines. This includes innovation in the field of biofuels, aircraft design, passenger perceptions at airports and European certification processes for aircraft components and systems.

Air France is a member of the steering committee of CORAC, the French ACARE national council. For six years, CORAC has brought together all stakeholders in French aeronautics research - large corporations, small and medium sized companies and research organizations - to develop the aircraft of 2050. Six demonstration platforms have been launched 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: IROQUA aims to reduce aircraft noise, and the FCA works on the development of sustainable biofuels.

## AIR FRANCE INVOLVED IN CLIMATE RESEARCH

Since June 2013, Air France has been carrying atmospheric measuring equipment on board an Airbus A340. The European project

IAGOS (In-service Aircraft for a Global Observing System) aims to monitor the climate and atmospheric pollution on a global scale. EASA-certified, onboard instruments are used to measure the levels of several types of greenhouse gas, cloud particles, etc. The Air France A340 equipped with these instruments serves destinations including the Caribbean and West Africa, areas not widely served by the other airlines supporting this project. Long-haul commercial aircraft are of great interest for this research because, unlike traditional observation methods using weather balloons or satellites, these aircraft fly at cruising altitude for several hours and provide complete and consistent data.

These records are then automatically sent to the National Centre for Scientific Research (CNRS). This data is made available to international meteorological centers and scientists worldwide, which is particularly useful for studying the carbon cycle and verifying CO<sub>2</sub> emissions under the Kyoto Protocol.

By volunteering to participate in the IAGOS program, Air France demonstrates its commitment to increase knowledge of the environmental effects of air transport.



## EVALUATING ELECTRIC TAXIING

Air France and KLM have begun work on evaluating various electric taxiing systems for their medium-haul aircraft.

In 2013, Air France worked on developing Honeywell and Safran's EGTS system (Electric Green Taxiing System). The system aims to significantly reduce the use of engines and vehicles for the movement of aircraft on the ground. This system not only reduces costs, it also reduces the amount of gases emitted and noise hindrance. Equipping a small aircraft with the EGTS system can reduce nitrogen oxide (NOx) emissions by around 50%. ●



# BIODIVERSITY

Preservation of biodiversity is a major challenge, although the impact of the airline industry is indirect. CO<sub>2</sub> emissions contribute to climate change, which is assumed to have a large impact on biodiversity. Another impact is related to the production of food for inflight catering.

## 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 by the Group have a significant impact on biodiversity.

Air France and Servair favor local, seasonal and responsible products for onboard catering. Air France is ISO22000 food security certified.

KLM strives for 100% sustainable inflight catering products by 2020, on all flights departing from Amsterdam. The KLM sustainable catering policy focuses primarily on preservation of biodiversity in production areas, by paying particular attention to fish, palm oil and soy, in dialogue with WWF-NL.

To this end, KLM is a member of the Responsible Soy (RTRS) and Sustainable Palm Oil (RSPO) Round Tables and offers certified products on board.

## PARTNERING FOR BIODIVERSITY

Air France and KLM are involved in conservation projects.

The Holistic Conservation Program for Forests was launched in 2008 by Air France, the Good Planet Foundation and the WWF, covering a 500,000-hectare area in Madagascar.

### Sustainability labels

Since 2009 KLM achieved to introduce at least 15 sustainable catering products onboard each year.

KLM is currently offering milk produced in The Netherlands by a supplier who guarantees animal well-being and has developed an animal food program based on responsible soy.

A number of products that are local, labeled and respectful of animal well-being are served on board like MSC- certified fish, UTZ certified coffee, "Better Life" chicken.



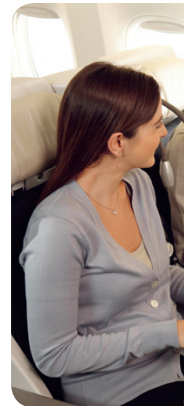
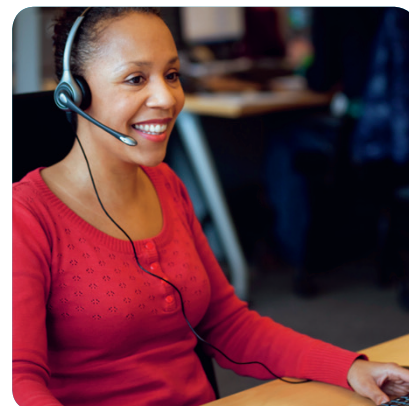
The aim of the program is to reduce deforestation and forest degradation, to participate in the development of local communities while protecting Madagascar's unique biodiversity. The program also aims to contribute to further progress in scientific measurement of forest carbon stocks. All project objectives set in 2008 have been met. The program now includes new partners (French Agency for Development – AFD), also involving Madagascan authorities. According to scientific studies, the maximum potential reduction of CO<sub>2</sub> emissions is estimated at 35 million tons of CO<sub>2</sub> over 20 years (see also p.67).

Air France-KLM supports the development of the REDD system (Reducing Emissions from Deforestation and forest Degradation), which aims to reduce carbon emissions and protect species, while at the same time improving the living conditions of local people.

In 2013, KLM continued its participation in the International Union for Conservation of Nature (IUCN) and took part in "biobased EcoServices" workshops and contributed to the work of REDD.

As part of its strategic partnership with WWF-NL, KLM also supports three conservation programs: The Coral Triangle in Indonesia, projects concerning sea turtle conservation and green economy on Bonaire and a reforestation program in Brazil. ●

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<b>A SUSTAINABLE AND INNOVATIVE PRODUCT RANGE</b>	<b>46</b>
<b>BEST PRACTICES</b>	<b>48</b>



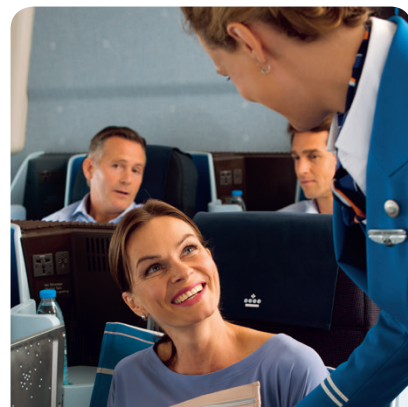
# SUSTAINABILITY IN **THE CUSTOMER EXPERIENCE**

## **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 our products and services;
- based on customer dialogue, taking into account environmental and social criteria in specifications;
- with an integrated responsible procurement policy, collaborating with suppliers and partners.

## CUSTOMER DIALOGUE

- 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 pp.42-43



## OBJECTIVES

## MAIN ACHIEVEMENTS 2013

### CUSTOMER DIALOGUE

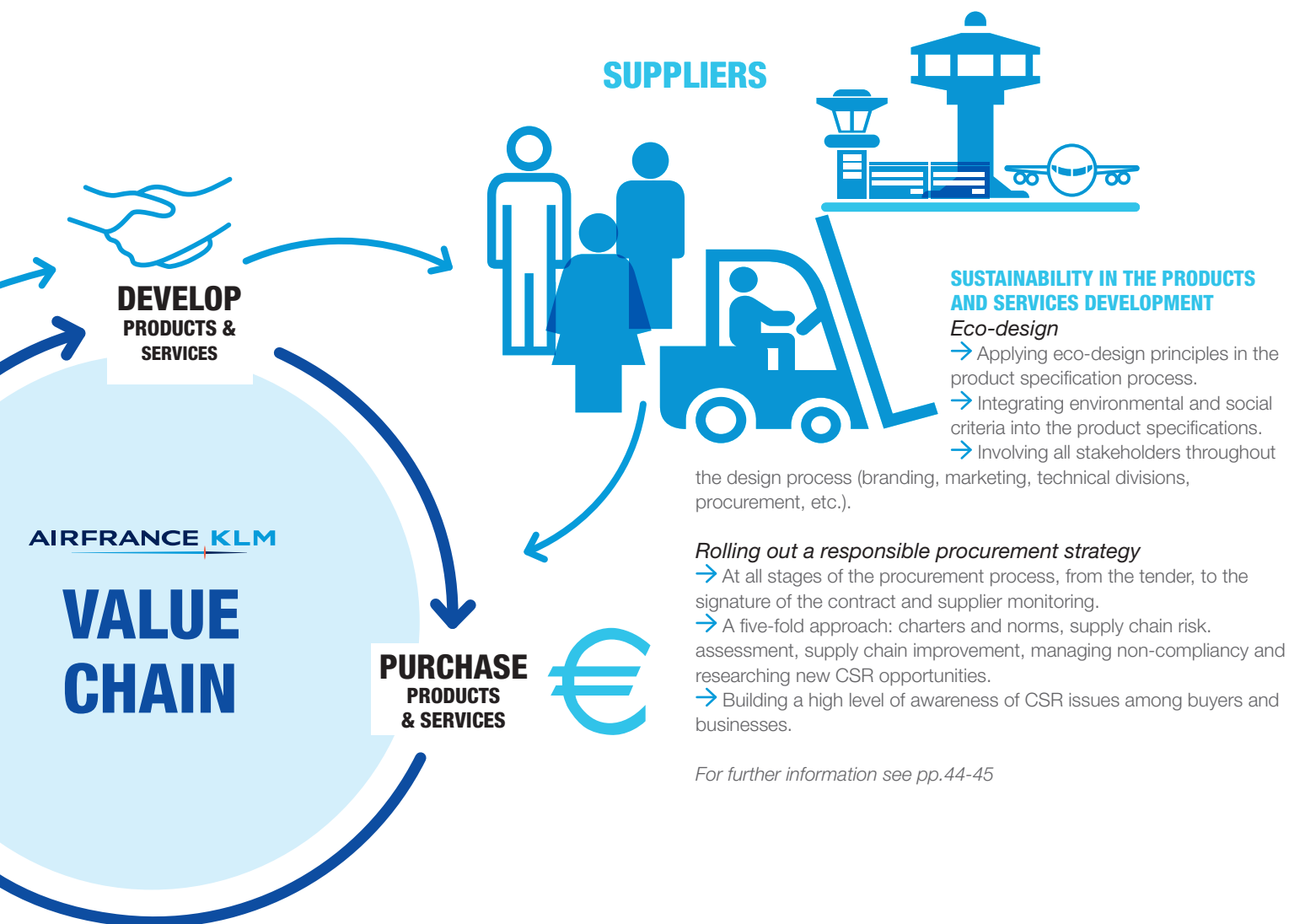
Reinforce programs supporting customer dialogue

- Deployment of e-Score: **574,000** customer satisfaction surveys from July to December 2013 (+70%)
- Launch of Quality Observer program

Further involve customers in CSR initiatives

- Update of CSR monitor study
- Further development of KLM Takes Care online platform





## OBJECTIVES

## MAIN ACHIEVEMENTS 2013

### SUSTAINABLE PRODUCTS AND SERVICES

Continue integrating CSR into products and services

- Eco-design of Air France's new Economy and Premium Economy meal tray on long-haul flights
- KLM new World Business Class configuration with sustainably upcycled carpeting
- **7** new partners in KLM BioFuel Program
- **16** new sustainable products onboard KLM flights

### RESPONSIBLE PROCUREMENT

Strengthen the responsible procurement strategy

- Implementation of supplier CSR assessment platform in Air France-KLM
- **75%** supplier sign up rate for Sustainable Development Charter in 2013

# DIALOGUE WITH CUSTOMERS

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

## CUSTOMER INSIGHT

Air France-KLM Customer Insight department is dedicated to customer surveys, measuring customer satisfaction and benchmarking.

### Co-creation

The customer is placed at the heart of product and service development. For example in 2013:

- Air France carried out several customer tests of new long-haul seats. Customer feedback was integrated into the development process;
- a satisfaction study of the Flying Blue loyalty scheme was carried out among Air France-KLM customers;
- KLM organized a study on customer expectations about the "New World Business Class".

### 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 50 tailored studies per year carried out among 22,000 FB@home customers and 500 Intouch customers.

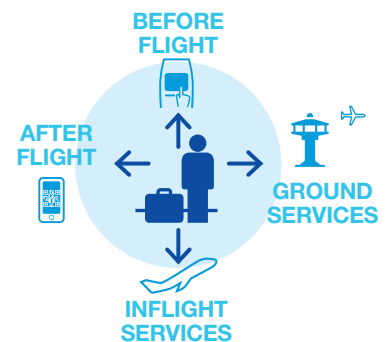
## Benchmarking

Market research and industry-wide studies (such as Airs@t) enrich analysis of the competitive environment. Part of this information is shared within the Group via a dedicated intranet.

## Market analysis

In the context of rapid economic and technological change, tailored studies provide insight regarding emerging trends.

## Monitor customer satisfaction



- Quality observer study Air France-KLM launched its innovative "Quality Observer" program in October 2013. Flying Blue customers who are members of this community can respond to questionnaires on the quality of products and services, and their perception of the overall travel experience, via a dedicated website and a mobile application.

- e-Score study in 2013, the SCORE survey (inflight questionnaire to measure customer satisfaction) became e-Score (online questionnaire). This change increases the number of surveys carried out and so further improves our customer knowledge. 574,000 e-Score surveys were answered from July to December 2013 (+70% compared to the same period in 2012).



## SOCIAL MEDIA

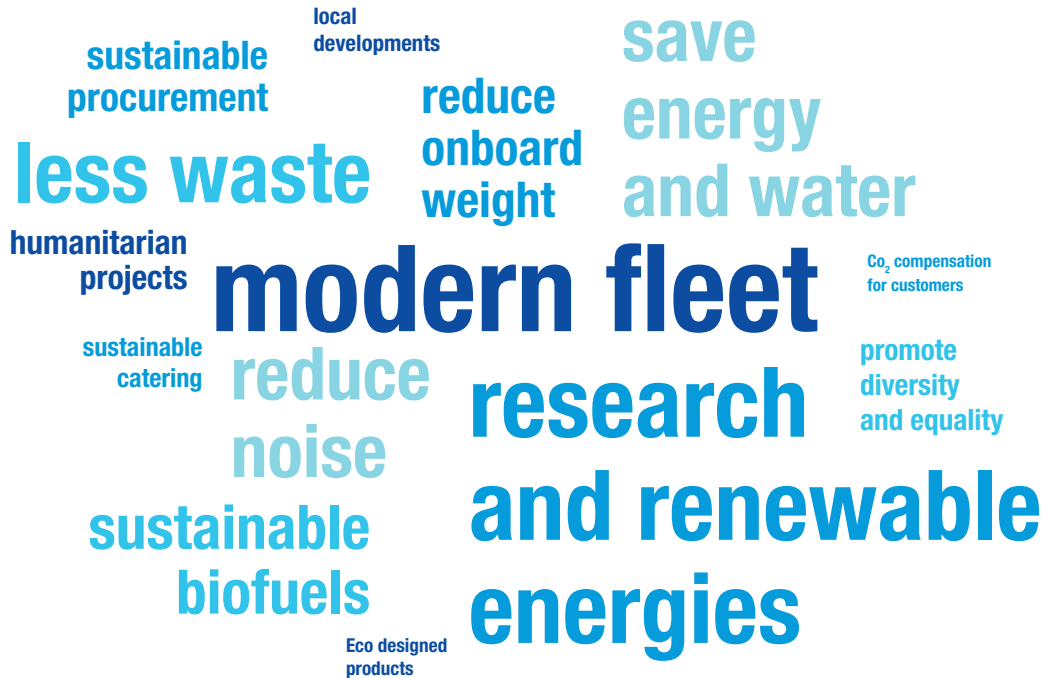
A cornerstone of Air France and KLM customer dialogue.

**f 112% increase to 7,708,370 FANS**

**t 94% increase to 1,208,527 FOLLOWERS**

“The quality of service we offer to our customers depends on the quality of the relationship between the company and its employees.”

Nathalie Simmenauer  
Customer Culture Project VP, Air France



#### STRIVING FOR EXCELLENCE IN CUSTOMER SERVICE

In 2013, Air France-KLM has undertaken numerous initiatives designed to achieve excellence in customer service:

- joint trials between Air France and KLM in Customer Experience Management and employee rewarding, to strengthen the commitment all staff, managers and employees, have to customers and to the company;

- “Signatures of Service”: a further 15,000 front-line

employees (30% of all Air France staff) completed training in 2013. Training in the five core values of service has been rolled out across all divisions. This training forms the foundation of the company's integrated approach to customer service;

- customer Workshops gave 2,000 Air France staff members from all divisions an additional insight into projects which benefit customers.

#### INVOLVING CUSTOMERS IN OUR CSR INITIATIVES

##### 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 above (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

KLM launched its KLM Takes Care online platform in June 2012. The site is dedicated to providing information, engaging in dialogue and providing a forum for discussion on sustainability topics. Over the course of 2013, more than 50 articles related to CSR were published on the site, focusing on themes such as sustainable bio-fuels and sustainable catering. ●



[klmtakescare.com](http://klmtakescare.com)

# RESPONSIBLE PROCUREMENT

A proactive role of procurement is essential to remain frontrunner in sustainability. As a service sector company, Air France-KLM's business is to a large extent related to the purchases it makes and the way it works together with around 4,200 suppliers. The most significant purchases are fleet, fuel, airport and navigation fees, onboard products and Engineering & Maintenance. Given the significant amount of spending made outside the Group, optimization, innovation and the integration of CSR in the supply chain are priorities and contribute to improve profitability.

“Assessing our suppliers on CSR criteria enables us to address and mitigate CSR risks. These assessments will result in a better CSR performance in our whole supply chain.”

Peter Schelvis  
Air France-KLM Group Chief Procurement Officer

## INTEGRATING SUSTAINABILITY IN THE GROUP'S PURCHASING POLICY

The Group integrates sustainability within the supply chain to provide customers with responsible and innovative products and services, and offers reliability with a proactive focus on sustainability. This creates value for customers and improves the social and environmental footprint of services. Suppliers play a crucial role in reaching the above objectives.

Air France-KLM Procurement has had a sustainable purchasing approach in place for a number of years. This approach incorporates CSR principles into relations with suppliers and strengthens the management of ethical, social and environmental risks.

To further formalize its CSR activities,

Procurement has finalized in 2013 a CSR strategy paper, the orientations of which are presented below.

### CSR Charters and norms

Every buyer at Air France-KLM signs a code of ethics. Prior to launch and/or during the tender, suppliers are asked to sign the Air France-KLM Sustainable Development Charter, which is based on the principles of the UN Global Compact. At the end of 2013, 75% of Group's suppliers have signed this charter.

### Supply Chain Risk Assessment

To ensure that suppliers comply with the Sustainable Development Charter, Procurement has begun assessing its suppliers on a wide range of CSR criteria. The objective is to prioritise the assessment of suppliers with most relevant risks and opportunities (see focus Ecovadis p.45).



### Supply Chain Improvement

Assessments are used to improve supply chain. Suppliers are prioritized based on level of risk and CSR opportunity.

### CSR opportunities

Together with the business and suppliers, Procurement continuously identifies CSR opportunities in order to purchase sustainable products and initiatives that create value for customers and stakeholders. Environmental and social criteria are integrated into specifications and contracts where relevant.

### Managing non-commitment/ non-compliance

Businesses and Procurement focus together on including CSR compliant suppliers in the tender process.



## EcoVadis

In 2013, Air France-KLM sustainable procurement program was supplemented with CSR supplier assessments in order to create a better insight on the CSR performance and the best practices of its suppliers. To do this the EcoVadis Sustainability Monitoring platform has been used, allowing the Group to assess the CSR performance of its suppliers on a global basis. Each supplier is assessed using a customised model adapted to suppliers' industry sector, size and its countries of operations. EcoVadis has already shown its added value and approximately 150 suppliers have been assessed. In addition, all buyers were trained on the EcoVadis platform.

The three following examples illustrate areas and projects where the Procurement department actively searched for CSR opportunities and strong partnerships with suppliers.

### SUSTAINABLE CATERING

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

Each year the inflight offer is expanded with certified or organic products. In the sourcing process particular consideration is given to biodiversity (through responsible fish, soy and palm oil), animal welfare, environmental impact, social aspects and waste. In 2013, 16 products were added. For example, wine in 187 ml PET bottles was introduced. The reduced weight of this material contributes to fuel saving. In addition, UTZ certified coffee which has been served on board to passengers since 2012 has now also been introduced at KLM offices.



**4,200**  
suppliers

**75%**

of suppliers have signed the Air France-KLM Group's Sustainable Development Charter

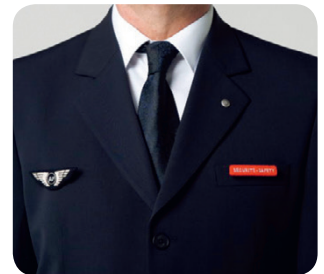
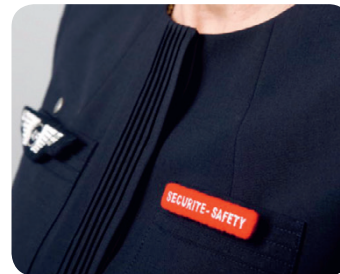
**150**

suppliers assessed by EcoVadis

### CLEANING AND RECYCLING CREW UNIFORMS

The collaboration between Procurement and suppliers has improved the CSR performance of Air France uniforms life cycle management:

- a trial recycling scheme was carried out in 2013. 10 tons of uniforms were collected from staff based in the Paris region and were recycled into fibers for use in vehicle insulation;
- uniforms are now cleaned by a sheltered sector company, using an innovative and more environmental friendly process.



### LIGHTWEIGHT CARGO NETS

In 2013 Air France-KLM-Martinair Cargo introduced lightweight cargo nets in its operation. Developed in collaboration with the suppliers, these nets weight around 9 kg, half the weight of a traditional net. This weight reduction is expected to save over 55,000 tons of CO<sub>2</sub> emissions annually. In addition, they are more easily and safely handled by employees and have an extended lifetime of 5 years, compared to the current standard of 3 years. ●



**3,000**

nets introduced in 2013

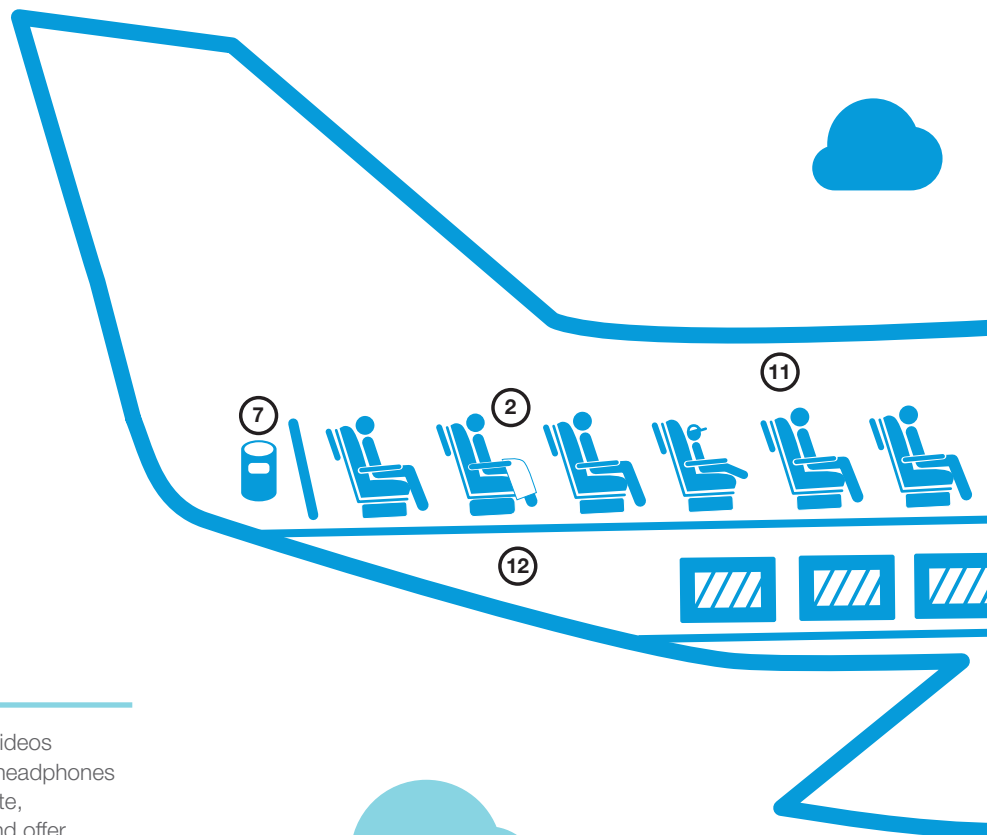
**2.5 tons**

CO<sub>2</sub> reduction per net per year

**50%**

lighter than standard nets

# A SUSTAINABLE AND INNOVATIVE PRODUCT RANGE



## ① INFLIGHT ENTERTAINMENT ●●

During their flight, passengers can choose a variety of videos on sustainability. In addition, Air France offers reusable headphones in its Economy class. In addition to generating less waste, these are refurbished by a sheltered sector company and offer improved sound quality.



## ② BLANKETS ●●

Since 2012, 100% of Air France economy class and crew blankets are cleaned by a sheltered sector enterprise in the Paris region.



## ③ LOCAL CULTURE PROGRAMS ●

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



## ④ PASSENGERS WITH REDUCED MOBILITY ●

Air France's "Saphir" and "KLM Cares" by KLM, are designed to offer a personalized service to passengers with reduced mobility or special medical needs.



## 5 SUSTAINABLE CATERING ●●

On board KLM flights, products are offered which involve the preservation of biodiversity and are respectful of animal well-being. These include certified or local foods like MSC certified fish, organic eggs, chicken and milk and UTZ certified coffee (see p.45). Air France serves local and seasonal products on its flights. Babies and children are offered organic meals.



## 6 MEAL TRAY ●

A new eco-designed meal tray has been introduced in Air France's Economy and Premium Economy cabins (see p.48).



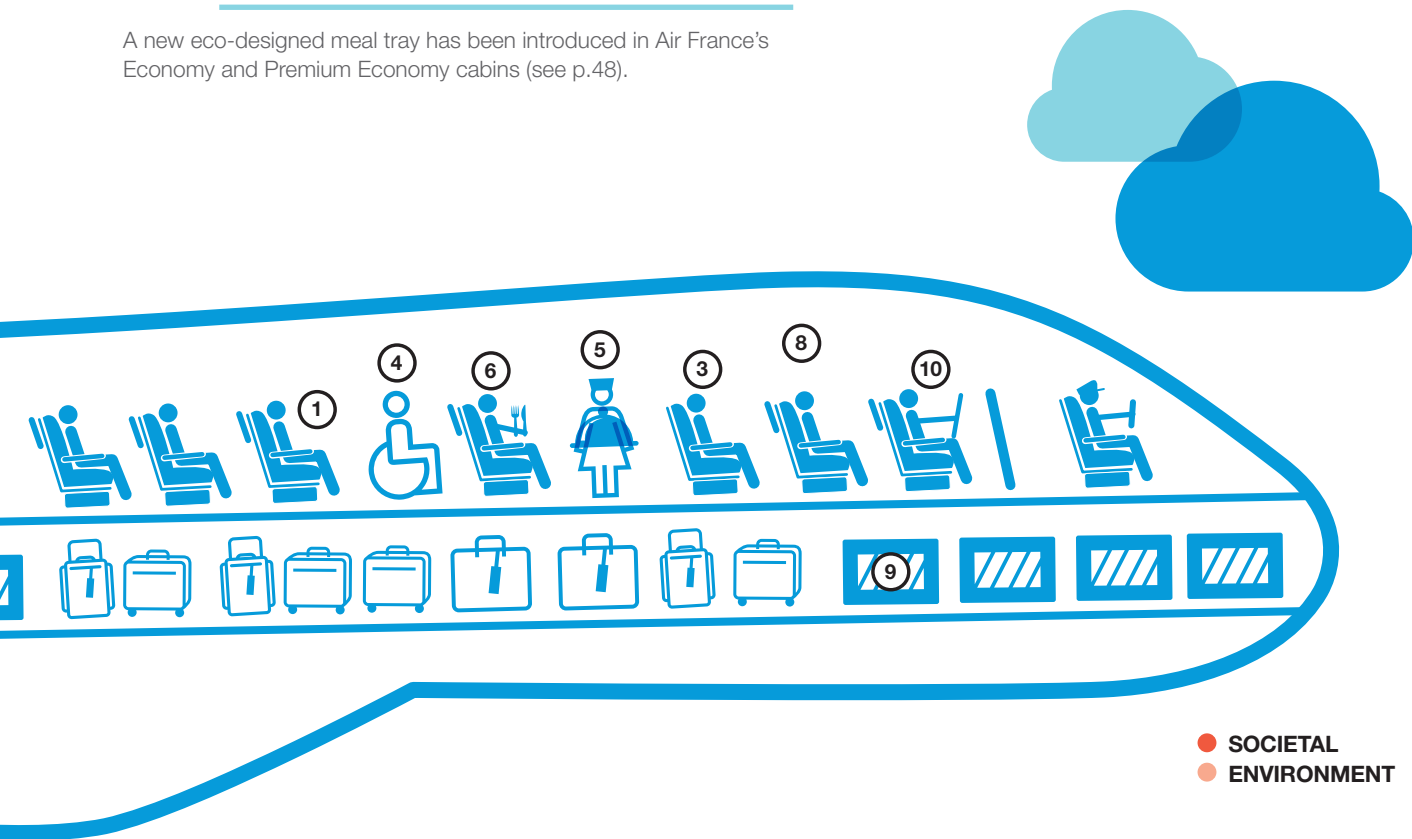
## 7 RECYCLING ●

Air France and KLM recycle disposed onboard equipment (such as trays, drawers, blankets and trolleys).



## 8 AIRCRAFT INTERIOR ●

KLM 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 environmentally friendly with leather cut-offs.



● SOCIETAL  
● ENVIRONMENT



## 9 AIRCRAFT LIGHTER EQUIPMENTS ●

Air France-KLM-Martinair Cargo introduced innovative light weight nets to save weight and reduce CO<sub>2</sub> emissions (see p.45). Light weight baggage containers are used in Air France long haul fleet.



## 10 NEWSPAPERS ●

E-press: Digital newspapers and magazines are progressively made available onboard Air France flights in close cooperation with all stakeholders. Newspapers and magazines are collected at the gateway upon arrival at Paris-CDG and at regional airports.



## 11 CO<sub>2</sub> CALCULATION AND OFFSETTING ●

Passengers are given the opportunity to calculate and offset their flight's CO<sub>2</sub> emissions. Corporate customers are offered CO<sub>2</sub> emission reporting as well.



## 12 BIOFUEL PROGRAM ●

Since 2012, KLM offers the world's first biofuel proposition for contracted corporate accounts (see p.49).

# SUSTAINABLE PRODUCTS AND SERVICES BEST PRACTICES

## ECO DESIGNED MEAL TRAY



Since September 2013, Air France has offered a new eco-designed meal tray in long-haul economy and premium economy cabins. This innovative approach has improved quality for the customer and has reduced the impact of trays on the environment.

## 14 million

meal trays served annually onboard Air France aircraft in Economy class

### Key points

→ Improved design.

By replacing round serving dishes with rectangular shapes to improve organization and layout, and reducing size, trays are now both lighter and easier to use.

→ Reduced weight.

By replacing washable equipment with disposable items.

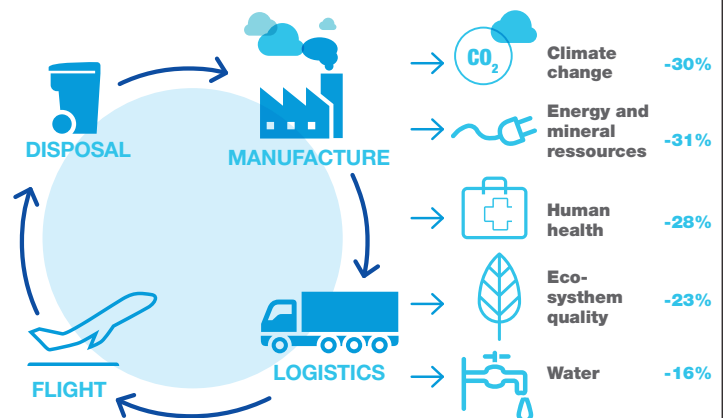
→ Reduced impacts.

The eco-design approach has helped to reduce all categories of environmental impacts studied, including 30% for CO<sub>2</sub> emissions.

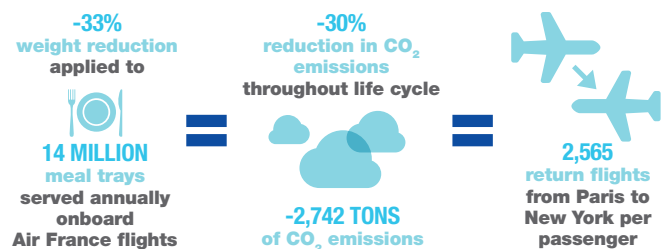
### Method

Air France used the Life Cycle Assessment (LCA) method to measure the environmental impact of the old meal tray (comprising re-usable and disposable elements) and compare it with the new all-disposable tray. A specialized consultant firm in eco-design was appointed to drive the study.

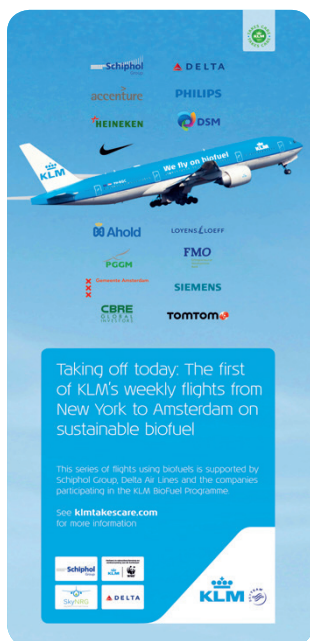
Environmental impacts reductions per category:  
no impact transfert



### Results







## BIOFUEL PROGRAM

Since June 2012, KLM has been the first airline in the world to enable its corporate customers to become partners in the Bio-Fuel Program and to meet part of their travel needs with bio-fuel-powered flights. Through these partnerships, members contribute to the development of a market for sustainable aviation biofuels and demonstrate their commitment to CSR.

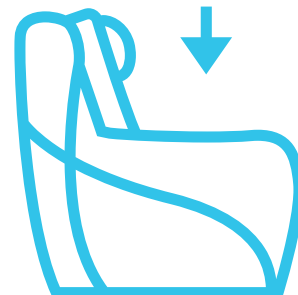
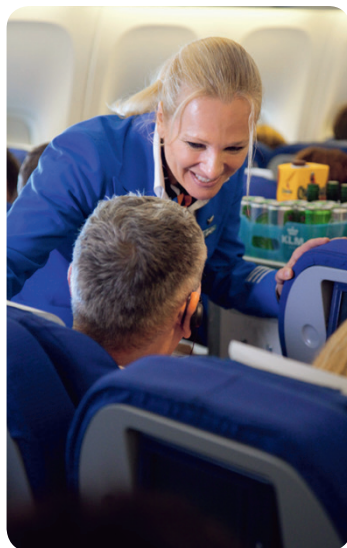
In 2013, the number of partners in the program doubled to reach 14. City of Amsterdam, Loyens & Loeff, PGGM, FMO, Delta Air Lines, Siemens, TomTom and CBRE Global Investors joined existing partners Ahold, Accenture, DSM, Heineken, Nike, Philips and Schiphol Group, who have supported the scheme since its launch.

14

Corporate BioFuel partners

26

Flights from New York to Amsterdam



## NEW WORLD BUSINESS CLASS

In 2013 KLM began a complete overhaul of the World Business Class. In addition to new 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. Combined with recycled Norwegian

wool, these uniforms were used to spin new yarn and are visible in the blue details of the carpets. The carpets meet the highest sustainability standard and fulfill stringent requirements regarding fire safety, lifespan and comfort. KLM recycles all of its discarded carpets in collaboration with a carpet manufacturer based on the cradle-to-cradle principle. In 2013, 38 tons of used carpet were recycled into new carpet. ●

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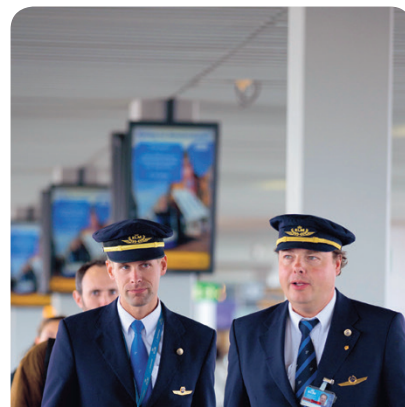
# RESPONSIBLE HUMAN RESOURCES

## 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 linked to our overall business goals.







# AIR FRANCE

## OBJECTIVES

## MAIN ACHIEVEMENTS 2013

### SOCIAL POLICY

Promote effective dialogue with employees and their representatives

- Cabin crew: **Collective agreement** signed in March 2013
- Ground staff: **Agreement** signed in November 2013
- Central Works Committee and European Group Committee: respectively **19 meetings** and **4 meetings** for information and consultation

Enhance mobility

- Launch of **Mobility kiosks** at Paris-CDG, Orly and regions
- **1,300** jobs posted in the internal Job Exchange
- **1,700** employees received individual support to change jobs

Develop the way we welcome work-study students

**1,300** apprentices (700 FTE, i.e. 1.4% of total staff), representing a **40%** increase (in FTE) relative to 2012

### TRAINING

Train staff members to develop their employability

- **90%** of ground staff and **100%** of flight deck and cabin crew completed training
- **28** training hours per employee
- **€192 million** spent on staff training
- Personal training entitlements (DIF): **12.3%** of overall training

### HEALTH AND SAFETY

Reduce the number of workplace accidents

- Number of workplace accidents: **+8%**. Annual objective: **-10%**
- Frequency rate: **+13%**, severity rate: **-16%**

### DIVERSITY

Pursue commitments to promote diversity

- A diversity section in the new Air France Jobs website
- Signature of a framework agreement with the French Ministry of Women's Rights promoting professional gender equality
- Disabled employees: employment rate **4.95%** (**4.42%** in 2012), **38** new employees with disabilities hired within the Group



## OBJECTIVES

## MAIN ACHIEVEMENTS 2013

### SOCIAL POLICY

Stimulate employability through mobility

- **334** employees took part in a career program and **485** employees in a workshop
- **158** employees had the opportunity to be coached for skills improvement

### TRAINING

Facilitate training and personal development

- Total training costs per FTE: **2,638 euros** (+4% increase relative to 2012)
- Validation of Prior Learning (VPL): **133** new participants in 2013
- In the past two years **269** employees successfully finished intermediate vocational education through VPL
- Partnership with Schiphol Aviation College started

### HEALTH AND SAFETY

- Health and safety in the workplace: Ambition to reach zero accidents
- Total workplace accidents: Goal of less than 4 serious accidents involving hospitalization (including staff hired)
- Frequency rate for workplace accident: Goal of remaining below the ratio of 4.5 accidents involving time off per million hours worked (including staff hired)

- New integrated health policy and three-year activity plan implemented in close collaboration with the Works Council
- **7** serious accidents involving hospitalization
- Frequency rate: **4.8** accidents involving time off per million hours worked

Decrease absenteeism rate

- Absenteeism levels: percentage remained stable at **5.3%** in 2013 versus **5.24%** in 2012
- Various preventative health and lifestyle programs, such as 'Fit on the ramp' within the Ground Services division, implemented

Increase flexibility

Official launch (IT department) and further roll-out (Marketing) of New World of Work

### DIVERSITY

Support diversity

- CSR café on Diversity
- Establishment of a Diversity Council aiming to develop specific action plans

# KEY FIGURES

## TOTAL STAFF 2013 (HEADCOUNT)



**100,569**  
95,961 FTE

### WOMEN



**42.9%**

### MEN



**57.1%**

## HEADCOUNT BY CATEGORY OF STAFF 2013

### Ground staff

**66,512**

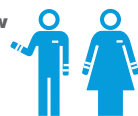
66 %



### Flight Deck Crew

**8,509**

8.5 %



### Cabin Crew

**25,548**

22.5 %

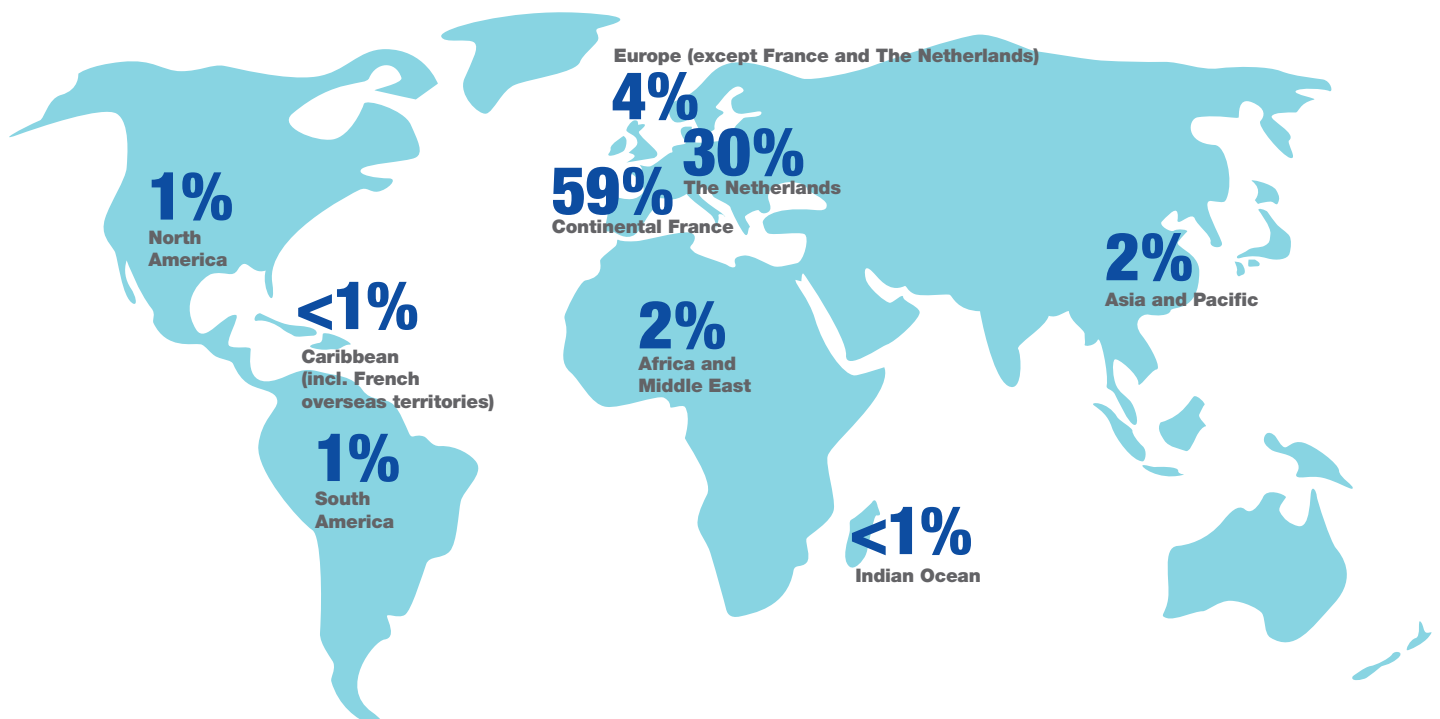


## PART-TIME EMPLOYEES



**27.4%**

## GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES



# GROUP SOCIAL POLICY

## MEETING ECONOMIC CHALLENGES

As part of the Transform 2015 plan, Air France-KLM reviewed all collective labor agreements related to payroll and working hours. Structural measures, notably based on mobility and on staff reduction on a voluntary basis, were pursued in 2013 to improve productivity and ensure a sustainable return to competitiveness.

The transparency of social dialogue has been key since the Transform 2015 Plan was launched. Many agreements for all categories of staff and regarding all the themes of the HR policy signed, in order to achieve the Group's economic targets in 2014.

## TRAINING AND MOBILITY

Air France-KLM maintained a high level of access to training in 2013. 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 employees to improve their employability.

Mobility enables employees to grow professionally and is key to the success of the Transform 2015 Plan.

At Air France in 2013:

- launch of "Mobility kiosks" where employees can meet career mobility guidance specialists;
- 1,300 jobs posted in the internal Job Exchange received 7,000 applications;
- 1,700 employees received individual support to change jobs;
- 920 people took part in themed conferences presenting the airline's different businesses.

At KLM, several training programs are on offer to employees to help people familiarize themselves with the tools at their disposal and to facilitate mobility. Internal job fairs and events on mobility have been organized; these events were focused on certain types of positions or targeted at specific opportunities.

**28**  
**hours**  
of training per employee  
at Air France

**€ 2,638**  
Training expenditure per  
FTE at KLM

KLM's Sales division has run the "Room for Growth" program for a fourth year. This program supports employees in their career development by offering training or skills assessment: in 2013, 33 employees learned more about networking in Go and Get Linked workshops and 28 participated in the Mindfulness training.

## INTERNSHIP DEVELOPMENT

As part of the sixth Internship charter, Air France is continuing to fulfill its responsibilities towards young people entering the labor market:

- 1,300 new apprentices welcomed in 2013, 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.

KLM welcomed 887 interns in 2013 and continues to live up to its responsibilities to students by offering them the opportunity to gain quality work experience. Both long and short internships are open to students from vocational and academic educational backgrounds. The high number of applications for internships illustrates the attractiveness of KLM as an employer. ●

## Talent attraction

Air France and KLM regularly feature in rankings of the best employer to work for. In 2013, Universum ranked Air France in the top ten ideal employers in a survey carried out among 34,000 French students.

A survey carried out by LinkedIn ranks KLM in the top 5 favourite Dutch employers. The findings of the survey were backed up by KLM employees, as was found by the "Best Employer" survey by Effectory & Intermediair, which placed the airline in first place in the "Best Employer for companies with more than 1,000 employees" category.

# HEALTH AND SAFETY AT WORK

Air France-KLM is aware of its responsibilities for health and safety at work, as well as maintaining quality of work life for all employees.

## OUR KEY ISSUES

Ensuring health and safety at work is both a social, as well as a financial issue, and has a direct impact on business. Therefore, combatting risks, occupational diseases, and both serious and frequent accidents is a high priority.

As part of the integrated management system at Air France, specific annual performance target contracts are signed by the CEOs of each of the businesses. These contracts formalize quantified commitments to reduce accidents at work through action plans. Since 2013, Air France has been in the process of OHSAS 18001 certification to verify its management system of health and security deployed at all levels of the company.

At KLM, occupational safety management will be part of the integrated safety management system, which includes operational safety as well as environment and security.

## RISKS PREVENTION

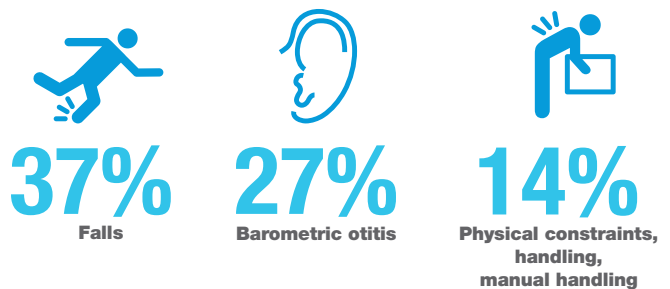
Being vigilant and taking action are now more of a priority than ever. To place accident prevention and a culture of risk prevention at the heart of its business, the Group is taking action in several areas:

- integrating occupational safety criteria into project management and in the development of ergonomic procedures;
- involving field 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.

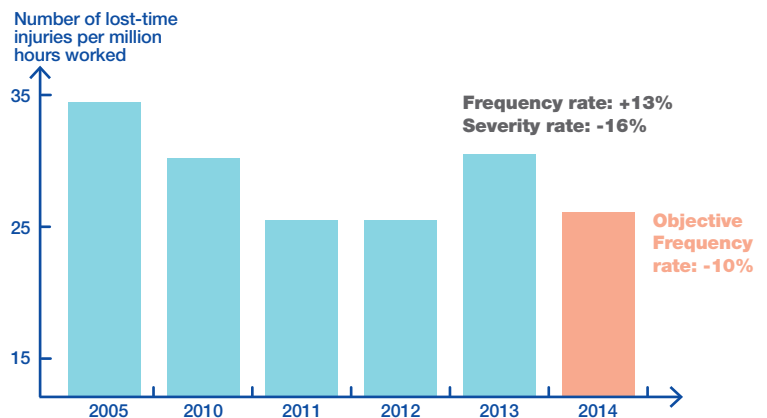
## RESULTS AND OBJECTIVES

Following several years of progress, in 2013 Air France registered a deterioration in terms of workplace accidents in some divisions. However there was a decline in the severity rate of accidents. KLM's occupational safety objectives were not met in 2013. A fatal road accident happened on the Schiphol Airport ramp. The number of lost time injuries remained stable for KLM staff, but five were serious accidents, leading to hospitalization or permanent injury.

## MAIN TYPES OF ACCIDENTS AT WORK AT AIR FRANCE IN 2013



## GLOBAL FREQUENCY RATE, AIR FRANCE





“Our colleagues know where to find us ergocoaches. It is becoming more and more accepted that we engage in dialogue with colleagues about unsafe or unhealthy work situations. Together with the other ergocoaches we deal with issues concerning ergonomics and safety. Management supports us, and we also get the time we need to really fulfill the role of ergo coach.”

Ergo coach at KLM Engineering and Maintenance

“Fully involved in the project teams for the interior design of facilities, implementation of a new organization or IT tools, we provide a methodology that incorporates a multidisciplinary and participatory approach. We make recommendations and practical proposals that combine performance and prevention.”

Ergonomist at Air France

“Being a Safety Champion is incredibly important. Because Safety First is one of our main priorities. It is all about safe feeling, safe working and safe doing. As Safety Champions we all operate together, within but also across all KLM departments.”

KLM Safety Champion at Ground Services division

“I’ve been a PRADOS coordinator since 2012. This accident prevention program is in place at Cargo and is supported by occupational health. Thanks to my training, I help detect risk situations and advise my colleagues on adopting better working postures.”

PRADOS coordinator at Air France Cargo

occupational stress. The questionnaire has become a key tool for managing and preventing psychosocial risks in the company.

In 2013, KLM updated its whistleblower procedure, and extended its scope beyond purely financial and accounting concerns, enabling the reporting of any type of suspected irregularity, including social practices.

KLM launched a new approach to all health-related matters in 2013, in close collaboration with the Works Council. A three-year plan was established for the longer term and for 2014, a detailed action plan presenting a common vision across all business units on the company-wide goals for health and safety has been developed. The implementation of this policy will be reviewed annually and, if necessary, the long-term plan will be updated. Particular attention will be paid to the new Health Dashboard.

## QUALITY OF LIFE IN THE WORKPLACE

The Group pays particular attention to quality of life in the workplace. It is also developing initiatives to help employees with their work-life balance, while helping to improve performance.

At Air France in 2010, all organizations representing ground staff and cabin crew signed a three-year agreement on preventing psychosocial risks, and improving quality of life in the workplace. In 2013, the agreement was extended for a further year. The agreement provides for:

- a multidisciplinary approach: HR managers, doctors, social workers, managers and health and safety committees;
- a network of contacts in all divisions to ensure proximity to employees
- specific training for managers;
- factsheets accessible to all.

To date, more than 13,000 employees have responded to a questionnaire evaluating occu-



Through “The New World of Work” program launched in 2012 and further developed in 2013, KLM provides employees with the opportunity to reconcile efficiency with comfort by prioritizing the workplace environment best suited to the tasks in hand. This program brings together efficiency, reduced infrastructure costs and better work-life balance, and has already been rolled out in several divisions, such as IT and Marketing.

## SOCIAL POLICY FOR ALL EMPLOYEES

Air France-KLM employs around 11,000 people at its destinations around the world on local contracts.

The Group applies local collective labor agreements, elaborated with unions or other relevant parties, according to local standards. The majority of the Group’s local staff benefit from social security, including a decent standard of living during their retirement. In addition, the Group offers complimentary insurance where public provision does not meet the required standards.

Tools for monitoring safety in the workplace have been implemented by KLM to prevent the risk of accidents, including a self-assessment tool. Subcontractors have to abide by safety regulations.

An alert mechanism, which can be used to flag up issues related to working conditions, is available for employees. ●

## MORE Energy app

More than half of the 26,000 KLM employees work outside regular working hours. Pilots for example are exposed to night flights and time zone crossings. Therefore, the VU University Medical Centre designed a mobile application to help pilots to cope with their irregular working hours. The MORE Energy application provides pilots with tailored advice on light exposure, sleep, nutrition and physical activity. The app was well received by 500 participating pilots and the results are positive.

# EQUAL OPPORTUNITIES

## DIVERSITY

In line with its Social Rights and Ethics Charter, Air France-KLM is pursuing 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 Preventing Discrimination".

Air France is a signatory of national charters: the Diversity Charter, the Good Parenting Charter and the Charter for Corporate Commitment to Equal Opportunities in the State Education System. In 2013, 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.

In 2013, KLM organized a presentation by members of the European Parliament on diversity and equal rights. An important step forward was the establishment of a Diversity Council within KLM. Four meetings have been planned for 2014.

KLM became a partner of Schiphol Aviation College in 2013. One of the main objectives of this organization is to offer work experience and vocational training opportunities to people with limited access to the labor market.

## DISABLED PEOPLE

Air France-KLM is committed to a proactive approach to helping people with disabilities into work.

Air France's three-year agreement covers implementation and the achievement of objectives. In 2013:

- the share of workers with disabilities within the total workforce continued to grow: 4.95%, 4.42% in 2012.
- 38 people with disabilities were recruited in the Air France Group. Workers with disabilities were kept in employment thanks to support initiatives and adapting jobs.
- Increased use of companies and organizations in the sheltered sector: 16 million euros of purchases from this sector.

In The Netherlands, a person is considered legally disabled when, after a period of sick leave, he or she is permanently unable to fulfill their contractual duties. KLM actively supports disabled employees returning to work, by offering them a position compatible with their disability, or where this is not possible, supports them in finding another job. In 2013, KLM Group employed 809 employees with disabilities.

## GENDER EQUALITY

Professional equality between men and women remains a key issue and progress area in HR management.

Under the third three-year agreement on gender equality, Air France has made a commitment to reducing any wage disparities between men and women. The percentage of female staff among senior management and executive level rose to 28.1%.

In April 2013, Air France signed the Convention for Occupational Gender Equality with the French Ministry of Women's Rights, formalizing 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 42.3% in 2013, from 42.1% in 2012. This increase also translated to the senior management and executive level, where the percentage of female staff went from 20% in 2012 to 20.2% in 2013.

KLM is committed to equality and respect for sexual orientations. The "Over the rainbow" LGBT social network was launched in 2010 by KLM. The network brings together gay, bisexual and transgender employees, and provides advice to ensure they are treated fairly, regardless of their sexual orientation. The network had over 300 members in 2013 and holds regular meetings, particularly on the subjects of gender equality and diversity. ●

“We have had a policy to promote gender equality for more than ten years. It is a dimension that we integrate in all our human resources processes.”

Patricia Chambaudrie-Bercy,  
Air France Diversity Officer

# SUSTAINABILITY ACROSS THE BUSINESS

## TRAINING ON CSR

The “Economic Impact and Managers” training program raises awareness among Air France managers on the company’s economic fundamentals. Around 225 employees underwent training in 2013.

Air France-KLM offers e-learning training on CSR to all employees. In 2013, more than 1,100 employees successfully completed the CSR e-learning. Specific training is also available to the sales team at Air France and KLM, to enable them to engage with their customers on CSR and to highlight the Group’s initiatives.

Cabin crews are regularly informed on progress achieved in optimizing flight procedures, reducing onboard weight, responsible catering and waste reduction. Through regular training, flight operations staff are made aware of fuel consumption.

## CONNECTING PASSENGERS AND STAFF

In December 2013, for the second time, Air France brought together ten “Grands Voyageurs” customers, and around twenty employees (cabin crew from the Europe Division, A320 pilots and airport staff), to discuss Air France’s products and services. This sharing of experience between customers and staff helps to improve the products already available, as well as to develop new products and services.

### An incubator for co-creation at Schiphol airport

To kick off the JFK biofuel series, KLM opened a “pop-up” Service Design Studio at Schiphol Airport in March 2013 in collaboration with Schiphol Group. During 8 weeks, the studio acted as incubator for co-creation and innovation between KLM and Schiphol staff, passengers and partners and offered KLM staff the possibility to personally engage in dialogue on ideas around sustainable products and services. The cultural diversity of participants gave additional insight in the needs of travelers, which is valuable for improving the customer experience. Themes for discussion included sustainability, kids, carefree travel (“peace of mind”), culture and being connected.

## PROMOTING INDIVIDUAL CREATIVITY

By offering ideas that improve work processes and safety or involve an interesting sustainable business case, each employee becomes an agent for change. In some divisions within Air France (Maintenance, Cargo, Sales), schemes to collect suggestions for improvement or innovation have been put in place for many years. These initiatives generate both small changes and major improvements, all of which result in efficiency gains.

In 2013 this scheme was extended to the whole company with DIP, the new Participatory Innovation Program: 8,000 suggestions made per year. Employee suggestions not only result in improvements on a daily basis, from flight safety to health and safety, they also lead to significant savings. 50 % of suggestions have been implemented, resulting in estimated savings of 20 million euros.

### 100 actions to improve customer service

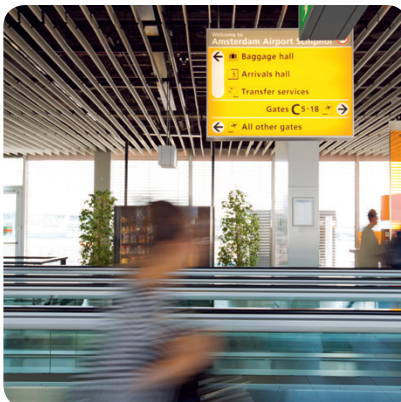
Air France has launched the 100 Actions Program, with the aim of providing a better long haul service and improved working conditions. 500 employees, both ground staff and cabin crew, are taking part in the program by sharing their experiences and their concrete observations. Suggestions such as adapting the wine offered on board according to the time of the flight, ensuring the cleanliness of cabins and improving work clothing for ground staff were all implemented in 2013.

KLM Engineering and Maintenance runs an employee-involved innovation program called Moonshine. The program aims to improve work processes using safety, ergonomics and lean as the generic starting points for the design process. Moonshine combines data analysis and process observations with the expertise of the end users. The results exceeded the expectations of all involved.

In 2013, achievements included the introduction of Blue Moon, a multi service cart used for transporting and storing the equipment required for Boeing 737 wheel and brake changes. Blue Moon enables ergonomic and extremely efficient wheel and brake changes up to 60% faster than before. ●



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<b>LOCAL DEVELOPMENT AROUND OUR HUBS</b>	<b>64</b>
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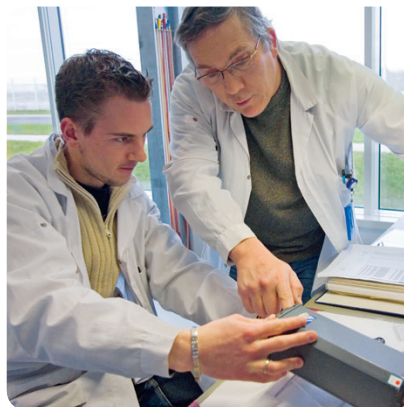
# LOCAL DEVELOPMENT

## 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 the future generations and local communities.





A digital flight information display board showing flight numbers, destinations, and registration details.

Vol	Flight	Enregistr	Cha
AF	526	CO	6051
AF	1870		
AF	2342	LX	4611
AZ	323	AF	9836
AF	1926	AZ	7331
AF	2040	KL	2016
AF	5558	AZ	3602
AF	5853	AZ	3584
AF	1896	KL	2114
F	1800	UX	3438
F	2206	DL	8412
F	1948	AM	8948
F	5106		
F	5136	NI	9636
F	7706	JJ	8552
F	5382	KL	2182
F	762	DL	860
F	886	DL	822



OBJECTIVES

MAIN ACHIEVEMENTS 2013

## ECONOMIC DEVELOPMENT

Impacting local economies at hubs and destinations

→ By providing infrastructure, jobs and investment

**Air France: 40 million euros** invested in a new excellence centre dedicated to aerostructures at Roissy-CDG

**KLM: Joint Venture with Kenya Airways** extended to **6** routes

→ Contributing to the improvement of ground transportation in airport areas

**Air France: Contribution to discussion on major projects** (Nouveau Grand Paris)

→ Through procurement creating a positive impact on local development

**Air France-KLM: over 4,200** suppliers worldwide, around **2,500** of which are located at destinations

→ By participating in and encouraging innovation projects

**Air France: Signature of a charter and commitment in favour of innovative SMEs**

**KLM: Investment in 6** start-ups through the Mainport Innovation Fund

→ Through dialogue and long term cooperation with local stakeholders

**Air France: Air France's headquarter** hosted local and government officials working on local governance in April 2013

**KLM: Continued cooperation between KLM, Schiphol and City of Amsterdam** to strengthen the competitiveness and sustainable development in the region

## EDUCATION

Training and skills development for young and vulnerable people

→ Business and aviation discovery programs for elementary and high school children

**Air France: 3,990** students involved in aviation careers discovery program with Airemploi

→ In collaboration with local schools and partners, offering work placement schemes and internships

**KLM: 887** interns and higher education trainees

**Air France: 314** young people trained or provided with guidance by JEREMY (including 150 at Air France) and **455** young apprentices at AFMAé (56% of whom are at Air France)

→ Providing support to young people who have dropped out of school and people with limited access to the labour market

**Air France: 16 million euros** in purchases from sheltered sector companies

## SOCIAL AND ENVIRONMENTAL PARTNERSHIPS

Stimulating environmental and social development

→ Contribute to future generations through strong commitment to humanitarian development projects

**Air France: Air France Foundation (98** projects in favour of childhood), Acting for Life (**29** programs promoting economic development and sustainable tourism)

**KLM: KLM AirCares (6** NGOs supported with miles donated by Flying Blue members, **19,000 euros** onboard donations), partnership with Close the Gap (in 2013, **1,500** used ICT assets provided to **327** projects reaching **1,500,000** people), partnership with UNICEF-The Netherlands

→ Air France and KLM invest in forest conservation projects through collaboration with GoodPlanet/Etc Terra/WWF Madagascar and WWF-NL



# ECONOMIC FOOTPRINT

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 and job creation.

## DRIVING THE LOCAL ECONOMY

The hubs at Paris-CDG, Paris-Orly and Amsterdam Schiphol provide highly attractive business environments.

With 89% of the Group's employees based in France and The Netherlands, Air France and KLM contribute significantly to job creation. With 44,000 employees in Ile-de-France, Air France is the largest private sector employer in the Paris region. With 26,505 FTEs, KLM Group is the third-largest employer in the Netherlands.

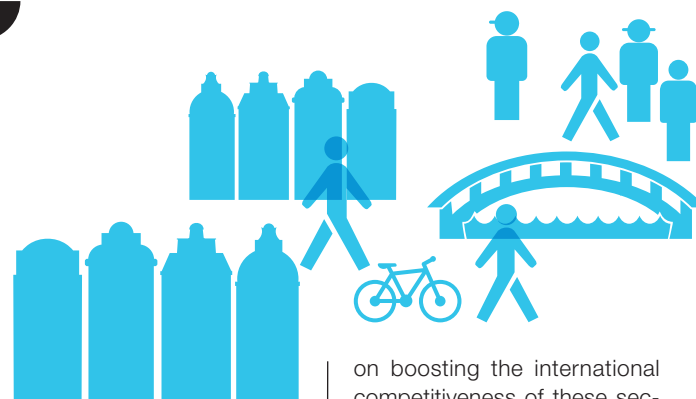
Connections to French regions provided by HOP! contribute to development at national level, ensuring wealth creation that enhances regional attractiveness. For example, thanks to international connections with numerous other European cities operated by HOP!, the city of Lyon provides an attractive business environment for large and small companies alike. 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 and 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 work together

### Studies reveal Air France's Economic impact

A study carried out in 2013 by the Pays de Roissy-CDG association has underlined the significant impact airline operations based at Paris-CDG have on local businesses, even businesses not related to aviation. Another academic study\* drew similar conclusions at a national level:

"The economic impact of Air France goes far beyond the transport of passengers (...). The Group makes purchases from a number of local industries and suppliers (...). This impact on the economy and on jobs in the French regions is not given due recognition."

\* Air France's Economic Impact on Mainland France, EM Strasbourg,



on boosting the international competitiveness of these sectors. KLM is involved in the logistics and BioBased Economy sectors.

KLM continued collaboration with Schiphol Airport and the City of Amsterdam to strengthen the competitiveness and sustainable development in the region. In 2013, the City of Amsterdam became a partner in KLM's BioFuel Program. Schiphol Group has been participating in this program since 2012.

## SUPPORT TO INNOVATION

The Group supports innovation through collaboration with SMEs and start-ups. In 2012,

Air France signed the "Charter for Public Companies in favour of Innovative SMEs" and is committed to supporting SMEs in achieving their innovation projects, such as IPI, a French SME which incorporated eco-design in Air France's new crockery.

In 2009, KLM and its partners, Schiphol Airport, Rabobank and Technology University of Delft jointly created the Mainport Innovation Fund which aims to accelerate innovation in the aviation sector by investing in start-ups that contribute to sustainable, safe and efficient air transport. The fund has invested in six innovative start-ups. ●

Air France

1<sup>st</sup>

private sector  
employer  
in the Paris region  
= 44,000  
employees

KLM Group

3<sup>rd</sup>

private sector  
employer  
in The  
Netherlands  
= 26,505 FTEs

356,000

jobs induced  
by Air France activity  
in France

# LOCAL DEVELOPMENT AROUND OUR HUBS

## LONG TERM COOPERATION ON MAJOR PROJECTS

Air France-KLM takes part in projects set to shape the areas around its hubs over the coming twenty years, such as the Grand Roissy project, the Paris Region Masterplan (Schéma Directeur d'Île-de-France), the Nouveau Grand Paris. KLM participates in the national government SMASH programme which aims to optimise spatial planning and infrastructure around Schiphol.

The Group takes particular interest in ground transportation, as efficient ground transportation is vital to a leading global air transport network. The accessibility of our airports is also an important factor in the development and attractiveness of the areas where Air France and KLM's main hubs are located, for the airlines, passengers and employees. Via the Inter-Business Travel Plans (PDIE) at Paris-CDG and Paris-Orly, 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.

## LOCAL STRUCTURAL INITIATIVES

The Group is involved in various initiatives to strengthen the economic attractiveness, reputation, international competitiveness, and sustainable development of its hubs. Examples are visualized on this page.

## LOCAL ECONOMIC DEVELOPMENT

### PAYS DE ROISSY-CDG ASSOCIATION

Promoting socio-economic development of Paris-CDG area. Air France, founding member. More than 340 members (elected representatives, businesses, institutions, local residents) participate in five themed working groups (on jobs, housing, economic development, transport and culture).

### HUBSTART AND AEROTROPOLIS

Promoting the hub region at an international level, facilitating companies moving to Paris-CDG.

### COLLABORATION AMSTERDAM/SCHIPHOL/KLM (ASK)

The three parties have cooperated since 2011 to improve international competitiveness, promote destination Amsterdam, improve accessibility, education and sustainability.

## ENVIRONMENT

### BOUSSELE

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

### LANDSCAPE NORTH HOLLAND

A nature conservation organization in the Schiphol area. Continued partnership, support for projects that protect vulnerable nature reserve in the North Holland Province.



## JOBS AND TRAINING

**KLM EDUCATION PROGRAMS** to attract future talent through collaborations with ROC's, Schiphol Aviation College, JINC and pilot project "ICT in the Clouds".

**AIREMPOI** provides information about jobs and training in aviation. **JEREMY** promotes the integration of young local people who do not hold formal qualifications.

**AFMAÉ** trains apprentices for careers in aviation at its training center representing 25% of French aviation training market.

**ENGINEERS FOR SCHOOLS** 8 Air France executives are made available to the national education authorities, with the objective of bridging the gap between education and business.



## **“Pays de Roissy-CDG” association celebrates its 10<sup>th</sup> anniversary**

Through the association, of which Air France was a founding member in 2003, the airline works alongside local stakeholders to play a part in local development. The economic and social development of the Paris-CDG area is a strategic challenge for Air France and the Paris region. Projects carried out over 10 years have established links between elected officials, residents and companies. The association is recognized for its commitment to the area, its dynamism and innovative projects. Among them, construction of housing, implementation of innovative ground transportation solutions for residents, apprenticeship promotion, support to employment for people living in neighboring districts, enhancement of the cultural richness of the area.

discover the airline;

→ initiatives to promote careers in aviation maintenance and engineering among women were organized by Airemploi;

→ a partnership with the JINC foundation in Amsterdam offers young people the opportunity to carry out a mini-internship at KLM.

KLM participated in the project “ICT in the Clouds”, initiated by the Montessori School of Amsterdam, which aims to develop ICT talent in children at an early stage in order to anticipate the shortage of highly educated ICT experts in the labour market. In 2013, 15 pupils developed a mobile application for KLM airline crew.

KLM’s Engineering and Maintenance Division is partner to 5 Regional Community Colleges (ROC) across the country and provides students with aircraft mechanics apprenticeships. In 2013, 40 ROC students followed apprenticeships at KLM.

## **KNOWLEDGE AND SKILLS FOR FUTURE GENERATIONS**

To ensure a match between the labour needs of the industry and the qualifications held by job seekers, Air France and KLM have been investing in various associations and education programs for many years. Air France is a founding member and partner of four associations involved in information and training programs on aviation careers: Airemploi, Jeremy, AFMAé, Engineers for Schools.

As part of its commitment to equal opportunities, the Group led various initiatives in 2013 for middle and high school students: → the OPEN internship enables around 200 students from ten local middle schools to be informed on the aviation industry and for a selected number of them to



# €1.4 billion

**Air France's Group purchases  
in the Paris Region (exc. fuel)**

# 3.1%

**of the GDP  
contribution of the aviation  
sector to the economy  
of The Netherlands.**

To promote employability of young people, a new partnership with the “Passeport Avenir” association was set up in 2013. 23 Air France employees volunteer to provide support to young people from underprivileged backgrounds up until their graduation from a Business school or university.



### Innovative social initiative for cleaning uniforms

Air France crew uniforms are cleaned by an innovative SME and a sheltered company, based in the Paris region. The benefits are twofold: a social aspect which enables people with disabilities to access the labor market, and environmental because of the use of an innovative, ecological cleaning process, which eliminates the need to use perchlorethylene.

In 2013, Air France's spending in the sheltered sector represents €16 million.

### COMMITTED TO THE EMPLOYMENT OF VULNERABLE PEOPLE

KLM provides computers and servers to a foundation for education and jobs, helping young school dropouts and long-term unemployed people to gain training in IT and communications technology.

Air France supports Second Chance Schools in various locations throughout France and has signed the Businesses and Neighborhoods Charter, signaling its willingness to make a

tangible contribution to priority neighborhoods.

In 2013, KLM became a partner of Schiphol Aviation College, which brings together aviation businesses, vocational education institutions and the regional authorities in initiatives to stimulate the Schiphol region employment market and act as a resource center for information on aviation jobs and training. KLM and Schiphol Aviation College joined forces with a Dutch employment agency to offer temporary assignments to individuals with limited access to the labor market. Participants are offered the opportunity to gain valuable work experience and vocational training. ●

# 16 million euros

Air France purchases  
from sheltered sector companies



# LOCAL DEVELOPMENT AT DESTINATIONS

## ECONOMIC DEVELOPMENT

By opening new routes to Africa, Asia and Latin America, the Group stimulates regional and international economic and social development. In 2013, Air France-KLM expanded its network with the inauguration of 27 new destinations.

The Group offers 44 destinations in Africa, connecting the continent to Air France-KLM's network. Partnerships were developed with local air transport operators which contribute to the development of the countries served. Through the KLM-Kenya Airways joint venture the Group offers more frequent flights between Europe and Africa. This long-standing and successful cooperation between KLM and Kenya Airways was expanded effective January 1, 2014, by adding four new routes, bringing the total number to six. This doubled the number of weekly intercontinental services between Amsterdam, London Heathrow and Paris-Charles de Gaulle airports to East Africa.

Air France-KLM supports local economies by offering employment, participating in the transfer of skills, sourcing local products in onboard catering and through investment. Air France Industries KLM Engineering & Maintenance develops its network Repair and Overall worldwide with local presence in distant markets, through new partnerships and has an industrial presence in China, Morocco, Germany, the Gulf countries and in the United States.

Air France's subsidiary Servair is present in 20 African airports and employs almost 2,500 people on the continent. Each Servair center enhances the local economy. Servair is the number one African airline caterer in terms of number of stopovers, and has inaugurated in 2013 its site in Morocco in partnership with Atlas Catering, a subsidiary of the national airline, Royal Air Maroc. Servair is a member of the AFRAA (African Airlines Association), the organization responsible for ensuring effective cooperation between airlines which also aims to accelerate the economic and social integration of African countries.

By developing tailor-made loyalty schemes for SMEs (BlueBiz program) or for professionals in the oil and gas industry (Flying Blue Petroleum program), the Group facilitates trade, international expansion of SMEs and stimulates regional development.

A contribution to local development is also made by the Masterclass Security Services, regularly organized by KLM. The aim is to increase

### ShareBusiness

In 2013, KLM continued its collaboration with social enterprise ShareBusiness.

In this program employees temporarily work in developing countries including India, Kenya and Ethiopia, where they share knowledge with local entrepreneurs.

Through this sustainable initiative, local entrepreneurs benefit from new knowledge for further developing their business and employees gain valuable experience and develop their skills and competences.



safety and security around airports at our destinations, thereby improving the overall safety at these destinations as well. In 2013, one of these destinations was Surinam.

## ENVIRONMENTAL PARTNERS

The forest conservation project in Madagascar, supported by Air France since 2008 and led by the GoodPlanet Foundation, ETC Terra and WWF, contributes to the development of local communities while at the same time protecting the unique biodiversity of the island.

The project has already reached 34,000 households, 17% of which have adopted alternative agricultural techniques to slash and burn, generating additional income (beekeeping, poultry, fish farming, cash crops), increasing crop yields and crop diversification.

In Brazil, KLM supports a WWF-NL forest conservation program, which contributes to sustaining the environment and habitat of the Amazon: in the Acre-Purus area 1,239 families joined the state certification scheme. In 2013, there was a reduction of 29% in deforestation as compared to the previous year and the number of fire spots registered fell by 5.5%. ●

**50%**  
of the Air France Group  
turnover is made abroad

**= €8.4 billion**



# SOCIAL PARTNERSHIPS

## LONGSTANDING HUMANITARIAN PARTNERSHIPS

Air France-KLM has always played an active role in international development, mostly by supporting initiatives led by NGOs and projects initiated by its own employees. In 2013, the Group's total contributions were equivalent to 14 million euros.

Air France and KLM on child protection. Air France works to help disadvantaged children through its Corporate Foundation, which was involved in 98 projects in 2013. KLM collaborates with UNICEF The Netherlands. Through the Children's Rights and Business Principles, an assessment of all business processes and activities will be conducted and sector specific guidelines on children's rights will be developed.

Additionally, through concrete actions the aim is to increase internal and external awareness of children's rights. Air France informs passengers about the damage caused by child sex tourism by financing ECPAT International's prevention campaign and by providing support to 16 other ECPAT projects around the world on child protection.

Air France has had a partnership with the NGO Acting for Life for over 30 years. The NGO promotes economic development and sustainable tourism. In 2013, the organization supported 29 projects in Africa, Asia, Latin America and Europe through many local NGOs. Air France has supported humanitarian air transport missions carried out by Aviation Without Borders for many years. It also supports the NGO through skills-based sponsorship.

In 2013, KLM's AirCares program supported 6 partners in the areas of education, health and sanitation: Close the Gap, Aflatoun,



### A special experience for children

**In October 2013, together with the Amsterdam Cares foundation, KLM created a special experience for a group of children who don't go on holiday often and of which most had not been on a plane before. 280 six to eight year olds were part of a pre-screening of the new Disney film Planes in on board an MD-11 which was surrounded by special effects to create a live setting.**

Docto2Doctor, Aviation Without Borders, Wings of Support and Get it Done. This support exists of promotional, logistical and financial assistance.

## LOGISTICAL SUPPORT

In 2013, 881 Air France tickets and free transport of additional baggage were donated to 28 NGOs, principally involved in providing medical assistance.



In November 2013, following the destruction caused by typhoon Haiyan in the Philippines, KLM chartered a Boeing B747 freighter free of charge to carry emergency relief supplies for the Dutch Red Cross and UNICEF.

## INVOLVING EMPLOYEES AND CUSTOMERS

Air France and KLM inform passengers on social and humanitarian programs they sustain. Each month, in the Air France inflight magazine, an article is devoted to a project supported by the Air France Foundation and Acting for Life. In addition, Flying Blue members are invited to donate their frequent flyer miles to NGOs selected by Air France and KLM.

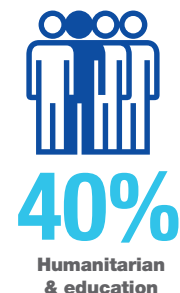
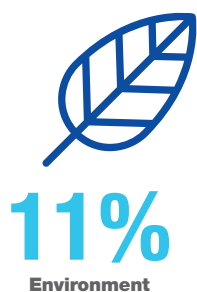
Air France and KLM employees throughout the world take part in social, humanitarian and nature conservation projects.

The "Friends of Air France Foundation" gets more than 2,200 employees involved in various types of volunteer work in France, such as "Green Father Christmas", which works in partnership with

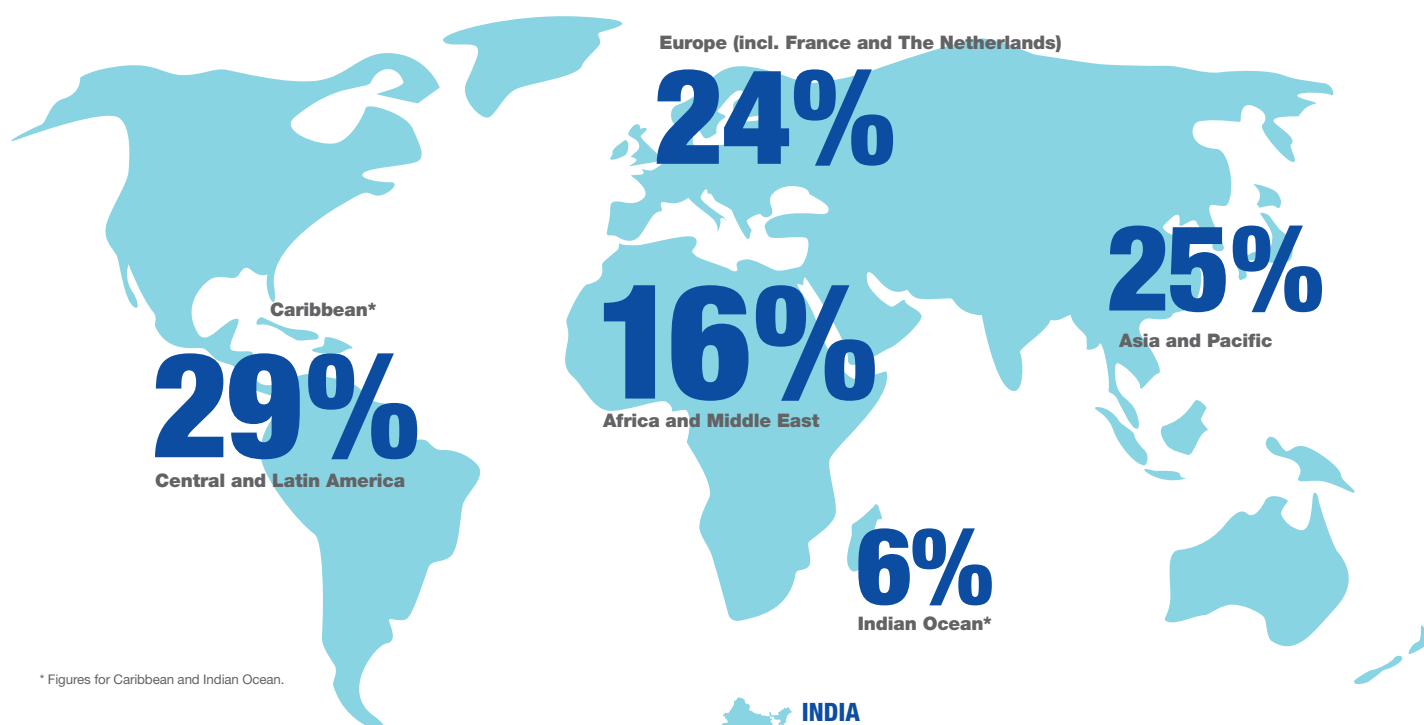
Secours Populaire to distribute new toys to children from vulnerable families. KLM and Martinair employees were actively involved with Wings of Support, with 400,000 euros invested in 59 new projects, helping 8,500 children. In total, over 650 projects have been supported since the start of Wings of Support. ●



## DISTRIBUTION OF GROUP'S CONTRIBUTIONS BY PROJECT CATEGORY



## GEOGRAPHICAL DISTRIBUTION OF PROJECTS AND SOME EXAMPLES



### FRANCE

Bluelink: Air France's subsidiary has made staff available to the "Samu Social" humanitarian emergency service since 2008. The hotline benefits from the expertise of Blue Link advisors.

### KENYA

Doctor2Doctor: Cooperation between KLM, KLM Health Services and the VU University. Dutch paediatricians regularly and voluntarily travel to Eldoret in Kenya to train local staff.

### MADAGASCAR

Air France Foundation – "SOS Villages d'enfants": Support for opening an inclusion and careers guidance service for young people. "SOS Villages d'enfants" received the 2013 Air France Foundation award.

### INDIA

NGO Smile: The Air France-KLM local team organizes various activities each year for the benefit of Smile, focusing on providing care and education for underprivileged children.

### THAILAND

Acting for Life: Creation of a charter for sustainable tourism for local tour operators drawn up.

### PHILIPPINES

Typhoon Haiyan: In November 2013 a Boeing 747 freighter flew to Cebu carrying emergency relief supplies for the Dutch Red Cross and UNICEF.

### AUSTRALIA

Conservation Volunteers: Green activities such as tree planting by the Air France-KLM local team in Sydney.

A decorative graphic on the right side of the page consists of a grid of ten rounded rectangular images. The top row contains three images of a blue sky with light clouds. The middle row contains two images of a flat landscape with a grey road in the foreground and a green field under a blue sky. The bottom row contains three images of a field with tall, dry grass and some green shrubs.

# PERFORMANCE **INDICATORS**





# DIALOGUE WITH OUR STAKEHOLDERS

GROUP'S STAKEHOLDERS	MAIN ENGAGEMENT TOPICS	MAIN ENGAGEMENT PATHWAYS	OUTCOMES 2013
<ul style="list-style-type: none"> <li>→ Shareholders</li> <li>→ Investors</li> <li>→ Financial partners</li> <li>→ Rating agencies</li> </ul>	<ul style="list-style-type: none"> <li>→ Financial information</li> <li>→ CSR performance</li> </ul>	<ul style="list-style-type: none"> <li>→ Quarterly presentations to analysts</li> <li>→ Dedicated financial website</li> <li>→ Shareholder Club</li> <li>→ Advisory Committee for individual shareholders</li> <li>→ Yearly General Shareholders' Meeting: presentation of financial and CSR performance</li> <li>→ Annual publications</li> </ul>	<ul style="list-style-type: none"> <li>→ Reporting improvement as a result of questionnaires of non financial rating agencies (such as Vigeo, SAM, EIRIS, CDP): more attention to role of human rights, and impact in the supply chain</li> <li>→ Other outcomes: see chapter Governance</li> </ul>
<ul style="list-style-type: none"> <li>→ Passengers and distributors (BtoB, BtoC, BtoT)</li> <li>→ Maintenance customers</li> <li>→ Cargo customers</li> <li>→ Business partners</li> </ul>	<ul style="list-style-type: none"> <li>→ Customer satisfaction and service quality</li> <li>→ Health and safety</li> <li>→ Assistance in case of unforeseen events</li> <li>→ Accessibility</li> <li>→ Innovation, new technologies</li> <li>→ CSR</li> <li>→ Reduce of CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>→ Customer satisfaction studies, surveys, information from crew and ground staff</li> <li>→ Information on Group websites, social media, video and information on board, anti-stress training</li> <li>→ Air France-KLM Connect real time information service</li> <li>→ Recovery assistance service, customer assistance desks</li> <li>→ Meetings, events, partnerships informing about sustainability on the group's medias</li> <li>→ CO<sub>2</sub> calculation and compensation offers</li> <li>→ KLM Corporate BioFuel Program</li> <li>→ KLM participation in Dutch Sustainable Growth Coalition (DSGC)</li> </ul>	<ul style="list-style-type: none"> <li>→ 574,000 e-Score surveys, Customer Insight surveys, crew reports, customer feedback analysis</li> <li>→ Launch of Quality Observer program</li> <li>→ ISO 22000 certification (Air France), sustainable catering policy with 16 new sustainable products on board (KLM)</li> <li>→ Dialogue and follow up of the regulations</li> <li>→ Increased feedback on KLM Takes Care platform</li> <li>→ Flying Blue members CSR Survey</li> <li>→ 7 new partners in KLM BioFuel program</li> <li>→ DSGC publication on Corporate Governance</li> <li>→ Other outcomes: chapters Customer experience and Environment</li> </ul>
<ul style="list-style-type: none"> <li>→ Employees</li> <li>→ Trade unions</li> <li>→ Professional associations and bodies</li> </ul>	<ul style="list-style-type: none"> <li>→ Working conditions</li> <li>→ Training and mobility</li> <li>→ Health and occupational safety</li> <li>→ Non-discrimination</li> <li>→ Diversity</li> <li>→ Social dialogue</li> <li>→ Negotiation and collective labour agreement</li> <li>→ CSR awareness-raising</li> </ul>	<ul style="list-style-type: none"> <li>→ Staff surveys</li> <li>→ CSR trainings</li> <li>→ Intranet and internal newsletters and papers</li> <li>→ Dialogue with social partners</li> <li>→ Meetings with governments on HR topics, e.g equal opportunities, occupation safety</li> <li>→ Partnerships with universities</li> <li>→ Work council committees focused on working conditions, CSR and HR policies</li> <li>→ Air France Boussole mobility plan</li> <li>→ Innovation program for Air France staff</li> <li>→ Inter-company working groups (Global Compact, ORSE, Comité 21, AFEF...)</li> <li>→ Collaborative strategy development KLM Takes Care</li> <li>→ COP Peer Review session organized by UNGP NL</li> </ul>	<ul style="list-style-type: none"> <li>→ Collective agreements signed (Air France)</li> <li>→ French gender equality convention signed</li> <li>→ Surveys to measure employee satisfaction</li> <li>→ Safety Culture program further implemented</li> <li>→ Launch of the new participative innovation program (Air France)</li> <li>→ Air France safety at work annual meeting</li> <li>→ Air France Boussole annual survey on work-home travel</li> <li>→ Air France and KLM CSR week for employees</li> <li>→ Four KLM CSR Cafés organized</li> <li>→ Over 100 KLM employees (experts, managers) involved in development KLM Takes Care</li> <li>→ Feedback on reporting during COP Peer Review</li> <li>→ Other outcomes: chapters Governance and Responsible human resources</li> </ul>
<ul style="list-style-type: none"> <li>→ International, European and national authorities</li> <li>→ Certification authorities</li> </ul>	<ul style="list-style-type: none"> <li>→ Climate change and CO<sub>2</sub> reduction</li> <li>→ Environmental management</li> <li>→ Passengers rights</li> <li>→ Better knowledge of air transport issues</li> </ul>	<ul style="list-style-type: none"> <li>→ Dialogue and joint actions with national air transport authorities, airports and air traffic services</li> <li>→ Working group on new European regulations</li> <li>→ Air France and KLM public affairs representatives working with national and European institutions</li> </ul>	<ul style="list-style-type: none"> <li>→ Draft proposals at AEA and IATA in particular for a global sectorial approach to climate change</li> <li>→ Regular working visits of government officials</li> <li>→ CSR reporting according to article 225 of the application decree of the French Grenelle II legislation of July 12, 2010</li> <li>→ Other outcomes: chapters Governance and Environment</li> </ul>
<ul style="list-style-type: none"> <li>→ Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>→ Environmental and social performance</li> <li>→ CSR integration in the supply chain</li> <li>→ Eco-design</li> <li>→ Local economic and social development</li> </ul>	<ul style="list-style-type: none"> <li>→ Applying the Sustainable Development Charter and sustainability clauses in contracts</li> <li>→ Including more suppliers in REACH (Registration Evaluation and Authorization for Chemicals) monitoring</li> <li>→ Dialogue and cooperation with suppliers</li> <li>→ Innovation work session KLM and Sodexo AltyS</li> </ul>	<ul style="list-style-type: none"> <li>→ 75% of suppliers signed the sustainable development charter</li> <li>→ Supplier assessment via EcoVadis platform</li> <li>→ French charter for innovative SMEs signed</li> <li>→ Collaboration with suppliers resulted in light weight Cargo nets and pallets</li> <li>→ Participations in consortia for biofuel supply</li> <li>→ Other outcomes: chapters Environment and Customer experience</li> </ul>



GROUP'S STAKEHOLDERS	MAIN ENGAGEMENT TOPICS	MAIN ENGAGEMENT PATHWAYS	OUTCOMES 2013
<ul style="list-style-type: none"> <li>→ Air transport and industry bodies</li> <li>→ Airports</li> <li>→ Air Navigation Service</li> <li>→ Provider</li> </ul>	<ul style="list-style-type: none"> <li>→ Safety and security</li> <li>→ Airport accessibility</li> <li>→ Ground handling services</li> <li>→ New aircraft</li> <li>→ Sustainable biofuels for aviation</li> <li>→ Climate change</li> <li>→ Single European Sky</li> <li>→ CSR involvement</li> </ul>	<ul style="list-style-type: none"> <li>→ Air transport sector: member of major international (ATA), European (AEA) and national bodies (European Regions Airline Association, FNAME, GIFAS, BAR)</li> <li>→ SkyTeam CSR working group</li> <li>→ Involvement in SESAR JU</li> <li>→ Involvement in ACARE and CORAC</li> <li>→ Involvement in SAFUG</li> <li>→ Members of Roundtable on Sustainable Biomaterials</li> <li>→ Member of the Biofuel Flightpath's Core Team of the European Commission</li> <li>→ Air France partner of Ini-FCA</li> </ul>	<ul style="list-style-type: none"> <li>→ Contribution to organizations that collectively represent the air transport sector and advocate its public positions</li> <li>→ KLM Optimal flight program</li> <li>→ Green Deal Biofuels</li> <li>→ Partnership Joining our Energies</li> <li>→ CSR best practices of SkyTeam partners</li> <li>→ ACARE chaired by Vice Chairman Air France-KLM Peter Hartman</li> <li>→ Dialogue on sustainable aviation Rio+20 including contribution to ICAO's Biofuel flight</li> <li>→ Other outcomes: chapters Governance and Environment</li> </ul>
<ul style="list-style-type: none"> <li>→ Local authorities</li> <li>→ Local residents Associations</li> <li>→ Local economic players</li> </ul>	<ul style="list-style-type: none"> <li>→ Noise</li> <li>→ Air quality</li> <li>→ Local dialogue</li> <li>→ Social and economic development</li> <li>→ Better knowledge of air transport issues</li> </ul>	<ul style="list-style-type: none"> <li>→ KLM involvement in Alders Table and CROS</li> <li>→ Air France member of the COE and CCAR of the 10 biggest French airports</li> <li>→ Air France member of associations for the international promotion of Roissy area</li> <li>→ Support to training and skills-sharing with local associations</li> <li>→ 2 Air France staff dedicated to Pays de Roissy-CDG association</li> <li>→ Working visits and tours at Air France and KLM facilities</li> <li>→ Cooperation KLM, Amsterdam, Schiphol (ASK)</li> <li>→ Stakeholder engagement events in airport areas</li> </ul>	<ul style="list-style-type: none"> <li>→ Joint stakeholder advice to Dutch government on new noise regulatory system</li> <li>→ Noise reduction kits on Air France A320</li> <li>→ 2 issues of the publication "Courier Air France"</li> <li>→ Association Pays de Roissy-CDG : 10th anniversary</li> <li>→ KLM partner of Schiphol Aviation College</li> <li>→ City of Amsterdam became partner in the Corporate BioFuel program (ASK)</li> <li>→ BioPort Holland: Declaration of intent signed aiming at large-scale use of sustainable biofuels</li> <li>→ Other outcomes: chapter Environment and Local development</li> </ul>
<ul style="list-style-type: none"> <li>→ Scientific community</li> <li>→ Universities</li> <li>→ Research experts</li> </ul>	<ul style="list-style-type: none"> <li>→ Climate change</li> <li>→ Operational procedures</li> <li>→ Technological performance</li> </ul>	<ul style="list-style-type: none"> <li>→ IAGOS Program</li> <li>→ Research Technical University Delft (KLM)</li> <li>→ Membership in IDUT and supporting the chair Sustainable Tourism of Wageningen University</li> <li>→ Participation in Independent Sustainability Board SkyNRG</li> </ul>	<ul style="list-style-type: none"> <li>→ Air France contribution to the IAGOS program</li> <li>→ Advice on selected pathways feedstock for sustainable biofuels.</li> <li>→ Other outcomes: chapter Environment</li> </ul>
<ul style="list-style-type: none"> <li>→ Environmental NGOs</li> </ul>	<ul style="list-style-type: none"> <li>→ Climate change</li> <li>→ Fight against deforestation</li> <li>→ Preservation of biodiversity</li> <li>→ Partnerships to challenge CSR improvements</li> </ul>	<ul style="list-style-type: none"> <li>→ KLM partnership with WWF-NL</li> <li>→ Air France reforestation project in partnership with GoodPlanet, ETC Terra and WWF in Madagascar</li> <li>→ KLM participation in IUCN and Leaders for Nature, inspirational program on ecosystem services</li> <li>→ Partnership with Landscape North Holland to support conservation work in the Schiphol region</li> <li>→ Engagement with various NGOs on animal welfare, sustainable resources and climate policies</li> </ul>	<ul style="list-style-type: none"> <li>→ WWF-NL advise in BioFuel program and sustainable catering</li> <li>→ Results of the first phase (2008-13) of the Madagascar project</li> <li>→ Financial support for specific Nature Conservation projects of WWF-NL</li> <li>→ Financial contribution Landscape North Holland by KLM and Sodexo Altys</li> <li>→ Other outcomes: see chapter Environment</li> </ul>
<ul style="list-style-type: none"> <li>→ Humanitarian and development NGOs</li> </ul>	<ul style="list-style-type: none"> <li>→ Humanitarian and development programs</li> </ul>	<ul style="list-style-type: none"> <li>→ Dialogue and cooperation in humanitarian projects: Air France Foundation, Acting for Life, KLM AirCares</li> <li>→ Partnership through donation of tickets and free transportation of cargo</li> <li>→ Employees engagement: Friends of the Air France Foundation, Wings of Support, Aviation without borders (France and NL)</li> <li>→ Strategic partnership KLM – UNICEF the Netherlands</li> </ul>	<ul style="list-style-type: none"> <li>→ 14 million provided in funding for social and environmental projects</li> <li>→ 6 NGOs supported through AirCares program</li> <li>→ Air France Foundation involvement in 98 projects, Acting for life support to 29 programs</li> <li>→ Other outcomes: chapter Local development</li> </ul>

# SOCIAL INDICATORS

Consolidated social data for Air France-KLM Group	AIR FRANCE-KLM GROUP				AIR FRANCE GROUP *				KLM GROUP **			
					Air France Group		from which Air France		KLM Group		from which KLM	
	2011	2012	2013	13/12	2012	2013	2012	2013	2012	2013	2012	2013
<b>HEADCOUNT AT 31/12 (PERMANENT CONTRACTS AND FIXED-TERM CONTRACTS) <sup>1</sup></b>												
Scope of NRE Social reporting <sup>✓</sup>	96%	96%	<b>96%</b>	0.0%	95%	<b>95%</b>	100%	<b>100%</b>	98%	<b>98%</b>	100%	<b>100%</b>
Total staff <sup>✓</sup>	106,618	104,130	<b>100,569</b>	-3.4%	69,513	<b>65,905</b>	56,893	<b>53,423</b>	34,617	<b>34,664</b>	28,698	<b>28,718</b>
Ground staff	71,277	69,516	<b>66,512</b>	-4.3%	48,337	<b>45,466</b>	38,066	<b>35,344</b>	21,179	<b>21,046</b>	17,043	<b>16,941</b>
Cabin crew	26,380	25,863	<b>25,548</b>	-1.2%	15,941	<b>15,450</b>	14,762	<b>14,215</b>	9,922	<b>10,098</b>	8,973	<b>9,086</b>
Flight deck crew	8,961	8,751	<b>8,509</b>	-2.8%	5,235	<b>4,989</b>	4,065	<b>3,864</b>	3,516	<b>3,520</b>	2,682	<b>2,691</b>
Staff under permanent contract	101,603	100,273	<b>96,368</b>	-3.9%	67,201	<b>63,262</b>	55,728	<b>52,029</b>	33,072	<b>33,106</b>	27,819	<b>27,926</b>
Recruitment under permanent contract at 31/12 <sup>✓ 2</sup>	2,481	848	<b>1,253</b>	47.8%	707	<b>782</b>	309	<b>313</b>	141	<b>471</b>	103	<b>430</b>
Recruitment under fixed-term contract at 31/12 <sup>✓ 2</sup>	6,621	4,313	<b>4,249</b>	-1.5%	3,962	<b>3,401</b>	1,863	<b>889</b>	351	<b>848</b>	134	<b>317</b>
Departures at 31/12 <sup>3</sup>	11,612	8,571	<b>9,975</b>	16.4%	7,168	<b>8,719</b>	4,315	<b>5,553</b>	1,403	<b>1,256</b>	935	<b>707</b>
of which redundancies (incl. Economic) <sup>✓</sup>	995	640	<b>492</b>	-23.1%	542	<b>414</b>	247	<b>179</b>	98	<b>78</b>	71	<b>49</b>
Percentage of women at 31/12 <sup>✓ 4</sup>	42.8%	42.8%	<b>42.9%</b>	0.2%	43.1%	<b>43.3%</b>	44.5%	<b>45.0%</b>	42.1%	<b>42.3%</b>	43.3%	<b>43.6%</b>
Percentage of part time employees at 31/12 <sup>✓ 4</sup>	24.5%	25.5%	<b>27.4%</b>	7.5%	19.0%	<b>21.2%</b>	21.1%	<b>24.2%</b>	38.6%	<b>39.1%</b>	39.9%	<b>40.2%</b>
<b>BREAKDOWN OF STAFF BY AGE AT 31/12</b>												
29 year and less <sup>✓</sup>	10,052	8,222	<b>7,878</b>	-4.2%	5,254	<b>4,654</b>	3,807	<b>3,302</b>	2,968	<b>3,224</b>	1,944	<b>2,202</b>
Between 30 and 39 year included <sup>✓</sup>	33,065	30,305	<b>28,081</b>	-7.3%	21,422	<b>19,207</b>	17,802	<b>15,842</b>	8,883	<b>8,874</b>	7,206	<b>7,206</b>
Between 40 and 49 year included <sup>✓</sup>	37,101	37,255	<b>37,259</b>	0.0%	24,266	<b>24,371</b>	19,857	<b>19,908</b>	12,989	<b>12,888</b>	10,999	<b>10,970</b>
50 year and more <sup>✓</sup>	26,400	28,348	<b>27,351</b>	-3.5%	18,571	<b>17,673</b>	15,427	<b>14,371</b>	9,777	<b>9,678</b>	8,549	<b>8,307</b>
<b>BREAKDOWN OF STAFF BY GEOGRAPHICAL AREA AT 31/12</b>												
Europe (except France and The Netherlands) <sup>✓</sup>	5,072	4,607	<b>4,483</b>	-2.7%	2,346	<b>2,204</b>	1,652	<b>1,584</b>	2,261	<b>2,279</b>	931	<b>933</b>
North & South America <sup>✓</sup>	2,255	2,013	<b>2,029</b>	0.8%	1,655	<b>1,582</b>	1,369	<b>1,309</b>	358	<b>447</b>	357	<b>446</b>
Caribbean/Indian Ocean (including French overseas territories) <sup>✓ 5</sup>	1,118	1,109	<b>1,042</b>	-6.0%	1,047	<b>986</b>	839	<b>780</b>	62	<b>56</b>	62	<b>56</b>
Asia/Pacific <sup>✓</sup>	1,710	1,678	<b>1,728</b>	3.0%	744	<b>746</b>	739	<b>742</b>	934	<b>982</b>	933	<b>982</b>
Africa/the Middle East <sup>✓</sup>	1,594	1,607	<b>1,531</b>	-4.7%	1,048	<b>1,021</b>	1,025	<b>997</b>	559	<b>510</b>	559	<b>510</b>
The Netherlands <sup>✓</sup>	31,533	30,562	<b>30,496</b>	-0.2%	161	<b>154</b>	24	<b>32</b>	30,401	<b>30,342</b>	25,814	<b>25,743</b>
Continental France <sup>✓</sup>	63,336	62,554	<b>59,260</b>	-5.3%	62,512	<b>59,212</b>	51,245	<b>47,979</b>	42	<b>48</b>	42	<b>48</b>

<sup>✓</sup> Indicators verified by KPMG for 2013 (moderate level of assurance).

\* Air France Group: Air France and Air France subsidiaries.

Air France subsidiaries: Aero Maintenance Group, BlueLink, Brit Air, CRMA, CityJet, VLM, Régional, Sodexy, Transavia France and Servair group: ACNA, OAT, Passerelle, Servair SA, PAC SA.

\*\* KLM Group: KLM and KLM subsidiaries.

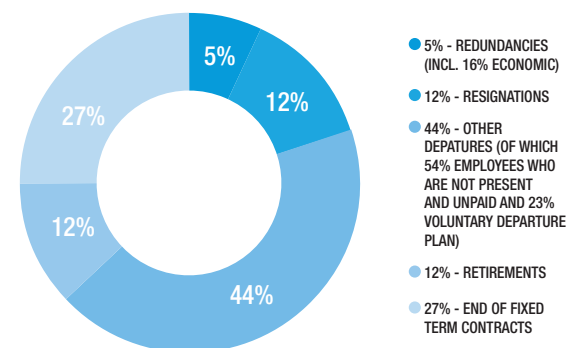
KLM subsidiaries: Cygnific, Cobalt Ground Solutions, KLM Cityhopper (UK and BV), Transavia, KLM Catering Services Schiphol B.V., KLM UK Engineering Limited and Martinair.

(1) (2) (3) (4) (5): See Note on the methodology.

## GROUP'S EMPLOYEES, FULL TIME EQUIVALENT (FTE)

FINANCIAL YEAR	AIR FRANCE-KLM GROUP		
	2011	2012	2013
GROUND STAFF	70,705	69,994	66,384
CABIN CREW	22,749	22,347	21,646
FLIGHT DECK CREW	8,560	8,403	7,931
<b>TOTAL</b>	<b>102,014</b>	<b>100,744</b>	<b>95,961</b>

## BREAKDOWN OF DEPARTURES BY CAUSE



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

AIR FRANCE (100% OF THE STAFF HEADCOUNT, REGISTERED AND PAID AT THE END OF THE CALENDAR YEAR) *	2012	2013	13/12
<b>ABSENTEEISM <sup>1</sup></b>			
Due to illness ✓	3.74%	<b>3.91%</b>	5%
Due to work accidents ✓	0.54%	<b>0.68%</b>	26%
Maternity leave ✓	1.06%	<b>0.99%</b>	-7%
<b>HEALTH AND SAFETY</b>			
Total workplace accidents ✓ <sup>2</sup>	2,070	<b>2,238</b>	8%
Number of fatal workplace accidents ✓	0	<b>1</b>	
Frequency rate of workplace accidents ✓ <sup>3</sup>	26.20	<b>29.56</b>	13%
Severity rate of workplace accidents ✓ <sup>3</sup>	1.05	<b>0.88</b>	-16%
<b>TRAINING</b>			
Number of training hours by employee ✓ <sup>4</sup>	31	<b>28</b>	-10%
<b>DISABLED STAFF <sup>5</sup></b>			
Total staff with disabilities ✓	1,691	<b>1,727</b>	2%
Total staff with disabilities recruited during year ✓	20	<b>16</b>	-20%
Yearly spending in the sheltered sector in M€ ✓ <sup>6</sup>		<b>16</b>	
<b>COLLECTIVE AGREEMENTS ✓</b>	<b>40</b>	<b>47</b>	

AIR FRANCE SUBSIDIARIES	2012	2013	13/12
Scope of reporting for Air France subsidiaries	75%	<b>73%</b>	-3%
<b>HEALTH AND SAFETY</b>			
Total workplace accidents ✓ <sup>2</sup>	993	<b>1,048</b>	6%
<b>TRAINING</b>			
Number of training hours by employee ✓ <sup>4</sup>	20	<b>20</b>	0%
<b>DISABLED STAFF <sup>5</sup></b>			
Total staff with disabilities ✓	543	<b>609</b>	12%
Total staff with disabilities recruited during year ✓	27	<b>22</b>	-19%
<b>COLLECTIVE AGREEMENTS ✓</b>	<b>23</b>	<b>58</b>	

✓ Indicators verified by KPMG for 2013 (moderate level of assurance).

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

(1) (2) (3) (4) (5): See Note on the methodology.

## WOMEN IN THE GROUP (IN%)

Board of Directors			35.7%
Executive Committees	GROUP		0%
	AIR FRANCE		23.5%
	KLM		9.8%
Senior managers/executives	AIR FRANCE		28.1%
	KLM		21.1%
Ground staff managerial	AIR FRANCE		32.0%
	KLM		25.1%
Flight crew managerial	AIR FRANCE	CABIN CREW	52.7%
		COCKPIT CREW	2.2%
	KLM	CABIN CREW	71.1%
		COCKPIT CREW	3.4%
Ground staff non managerial	AIR FRANCE		40.6%
	KLM		30.5%
Flight crew	AIR FRANCE	CABIN CREW	65.7%
		COCKPIT CREW	7.3%
	KLM	CABIN CREW	86.0%
		COCKPIT CREW	5.0%

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

KLM (100% OF THE STAFF HEADCOUNT, REGISTERED AND PAID AT THE END OF THE CALENDAR YEAR) *	2012	2013	13/12
<b>ABSENTEEISM <sup>1</sup></b>			
Due to illness ✓	5.24%	<b>5.30%</b>	1%
Maternity leave ✓	0.55%	<b>0.54%</b>	-2%
<b>HEALTH AND SAFETY</b>			
Total workplace accidents ✓ <sup>2</sup>	219	<b>186</b>	-15%
Number of fatal workplace accidents ✓	0	<b>1</b>	
Frequency rate for workplace accidents ✓ <sup>3</sup>	4.73	<b>4.01</b>	-15%
Severity rate of workplace accidents ✓ <sup>3</sup>	0.16	<b>0.18</b>	13%
<b>TRAINING <sup>4</sup></b>			
Total training costs in K€ ✓	60,777	<b>62,412</b>	3%
Total training costs in € per full time equivalent	2,539	<b>2,638</b>	4%
<b>DISABLED STAFF</b>			
Total staff with disabilities ✓ <sup>5</sup>	696	<b>710</b>	2%
<b>COLLECTIVE AGREEMENTS ✓</b>	<b>3</b>	<b>0</b>	

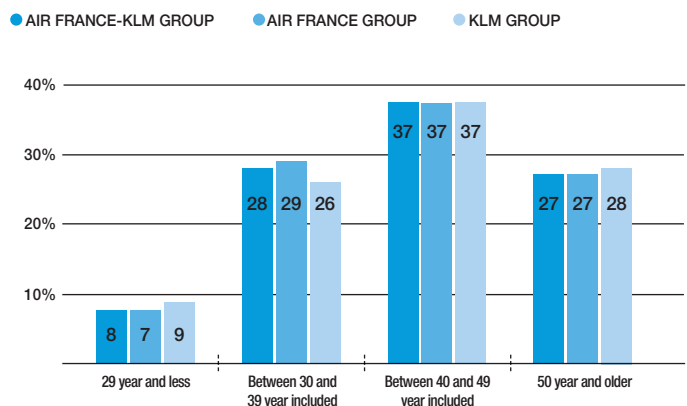
KLM SUBSIDIARIES	2012	2013	13/12
Scope of reporting for KLM subsidiaries	92%	<b>94%</b>	2%
<b>HEALTH AND SAFETY</b>			
Total workplace accidents ✓ <sup>2</sup>	92	<b>72</b>	-22%
Number of fatal workplace accidents ✓	0	<b>0</b>	
Frequency rate for workplace accidents ✓ <sup>3</sup>	8.46	<b>6.77</b>	-20%
Severity rate of workplace accidents ✓ <sup>3</sup>	0.15	<b>0.09</b>	-40%
<b>TRAINING <sup>4</sup></b>			
Total training costs in K€ ✓	19,736	<b>18,524</b>	-6%
Total training costs in € per full time equivalent	2,939	<b>2,885</b>	-2%
<b>DISABLED STAFF</b>			
Total staff with disabilities ✓ <sup>5</sup>	88	<b>99</b>	13%
<b>COLLECTIVE AGREEMENTS ✓</b>	<b>7</b>	<b>2</b>	

✓ Indicators verified by KPMG for 2013 (moderate level of assurance).

\* KLM: Data concerns KLM without international staff.

(1) (2) (3) (4) (5): See Note on the methodology.

## BREAKDOWN OF STAFF BY AGE (IN%)



# ENVIRONMENTAL INDICATORS

## Flight Operations

Flight Operations			AIR FRANCE-KLM GROUP				AIR FRANCE GROUP <sup>1</sup>				KLM GROUP <sup>2</sup>			
	Unit	2011	2012	2013	13/12	2011	2012	2013	13/12	2011	2012	2013	13/12	
CONSUMPTION														
Consumption of raw materials: fuel √ √		ktons	8,950	8,956	8,755	-2.2%	5,047	5,078	4,918	-3.2%	3,903	3,878	3,837	-1.1%
EMISSIONS														
Greenhouse gas emissions	CO <sub>2</sub> √ √	ktons	28,193	28,210	27,576	-2.2%	15,899	15,997	15,491	-3.2%	12,294	12,213	12,085	-1.0%
Emissions of substances contributing to acidification and eutrophication	NO <sub>x</sub> low altitude (< 3,000 ft) √	ktons	9.0	9.2	9.5	3.3%	6.2	6.3	6.2	-1.6%	2.8	2.9	3.3	13.8%
	SO <sub>2</sub>	ktons	10.4	9.9	11.8	19.2%	7.2	6.4	6.8	6.3%	3.2	3.5	5.0	42.9%
	SO <sub>2</sub> low altitude (<,3,000 ft) √	ktons	0.8	0.7	0.8	14.3%	0.6	0.5	0.5	0.0%	0.2	0.2	0.3	50.0%
In-flight fuel jettison	Occurrences of fuel jettison √	number	29	41	33	-19.5%	23	27	23	-14.8%	6	14	10	-28.6%
	Fuel jettisoned √	tons	1,152	1,839	1,104	-40.0%	945	1,210	758	-37.4%	207	629	346	-45.0%
Other emissions	HC low altitude (< 3,000 ft) √	ktons	0.8	0.8	0.8	0.0%	0.6	0.6	0.6	0.0%	0.2	0.2	0.2	0.0%
NOISE IMPACT														
Global noise energy indicator √		10 <sup>12</sup> kJ	1.65	1.69	1.62	-4.1%	1.11	1.16	1.12	-3.4%	0.54	0.53	0.50	-5.7%

✓ Figures verified by KPMG for 2013 (limited level of assurance). ✓✓ Figures verified by KPMG for 2013 (reasonable level of assurance).

1. Air France Group scope: all flights under AF code operated by Air France, HOP!, CityJet, and flights operated by Transavia France.

2. KLM Group scope: all flights operated by KLM, KLM Cityhopper and Martinair. Transavia is included for fuel consumption, CO<sub>2</sub> and SO<sub>2</sub> emissions (exception of low altitude emissions of HC, NO<sub>x</sub> and SO<sub>x</sub>). Martinair and Transavia are excluded for the global noise energy indicator.

## AIR FRANCE-KLM GROUP'S FLEET

### Aircraft in operation as of December 31, 2013: 552

Average fleet age: 10.2 years

	AIR FRANCE GROUP			KLM GROUP		
	AVERAGE AGE (years)	AIRCRAFT TYPE	NUMBER OF AIRCRAFT	AVERAGE AGE (years)	AIRCRAFT TYPE	NUMBER OF AIRCRAFT
SHORT AND MEDIUM-HAUL	9.7	A318, A319 A320, A321	128	7.5	737-700 /-800 /-900	47
LONG-HAUL	10.3	A380, A330-200 A340-300 777-200/-300, 747-400	106	11.9	A330-200/-300 777-200/-300 MD11, 747-400	65
CARGO AF: KLM: KLM MARTINAIR	8.0	747-400ERF 777F	4	16.6	47-400ERF/BCF MD11-F	10
REGIONAL FLEET AF: HOP! KLM: CITYHOPPER	10.4	ATR, EMBRAER, BOMBARDIER	101	10.9	F70, EMB190	50
OTHER FLEET AF: TRANSVIA FRANCE KLM: TRANSVIA.COM	7.1	737-800	11	9.1	737-700/-800	30
<b>TOTAL</b>	<b>10 YEARS</b>		<b>350</b>	<b>10.5 YEARS</b>		<b>202</b>

Air France-KLM Group's fleet as of December 31, 2013 including CityJet: 583 aircraft in operation.



## Ground Operations

Ground Operations			AIR FRANCE-KLM GROUP				AIR FRANCE GROUP <sup>1</sup>				KLM GROUP <sup>2</sup>			
			Unit	2011	2012	2013	13/12	2011	2012	2013	13/12	2011	2012	2013
CONSUMPTION														
Water consumption √		Thousands m³	886	812	825	1.6%	694	624	640	2.6%	192	188	185	-1.6%
Electricity consumption √		MWh	408,408	392,233	383,605	-2.2%	309,655	293,406	288,218	-1.8%	98,753	98,817	95,387	-3.5%
Other energies consumption √		MWh	543,749	513,562	534,375	4.1%	316,650	295,757	304,890	3.1%	227,099	217,805	229,485	5.4%
EMISSIONS														
Greenhouse gas emissions	CO <sub>2</sub> √	tons	89,841	85,680	88,885	3.7%	38,975	36,841	37,782	2.6%	50,866	48,839	51,103	4.6%
Emissions of substances contributing to photochemical pollution	Emissions of volatile organic compounds VOC √	tons	129	146	135	-7.5%	90	102	87	-14.7%	39	44	48	9.1%
	Emissions of HC	tons	167	145	137	-5.5%	108	86	76	-11.6%	59	59	61	3.4%
Emissions of substances contributing to acidification and eutrophication	NO <sub>x</sub> √	tons	810	773	675	-12.7%	541	508	409	-19.5%	269	265	266	0.4%
	SO <sub>2</sub> √	tons	19.6	16.1	15.8	-1.9%	16.6	12.9	11.4	-11.6%	3.0	3.2	4.4	37.5%
WASTE														
Waste production	Quantity of non-hazardous industrial waste √	tons	58,964	57,060	54,966	-3.7%	42,155	40,236	38,185	-5.1%	16,809	16,824	16,781	-0.3%
	Quantity of hazardous industrial waste √	tons	7,000	7,009	7,073	0.9%	4,748	4,474	4,420	-1.2%	2,252	2,535	2,653	4.7%
	% of hazardous industrial waste recovered √	%	45%	58%	61%	+3 PTS	28%	43%	44%	+1 PTS	81%	85%	89%	+4 PTS
EFFLUENTS														
Compliance rate of effluents with regulatory limits	Nitrogen compounds √	%	100%	100%	98%	-2 PT	100%	100%	90%	-10 PT	100%	100%	100%	0 PT
	Phosphorus compounds √	%	100%	99%	97%	-2 PT	100%	98%	93%	-5 PT	100%	100%	100%	0 PT
	Metals <sup>3</sup> √	%	99%	98%	99%	+1 PT	99.5%	98%	99%	+1 PT	98.5%	100%	100%	0 PT

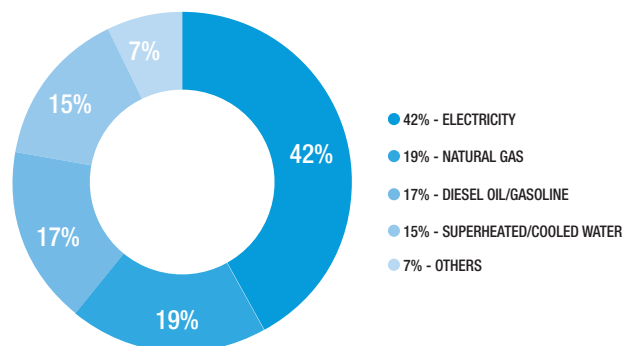
✓ Figures verified by KPMG for 2013 (limited level of assurance).

<sup>1</sup> Air France and subsidiaries: Régional, Brit Air, Servair and its subsidiaries (France only), Sodexi, CRMA and BlueLink. CityJet and Transavia France are not included.

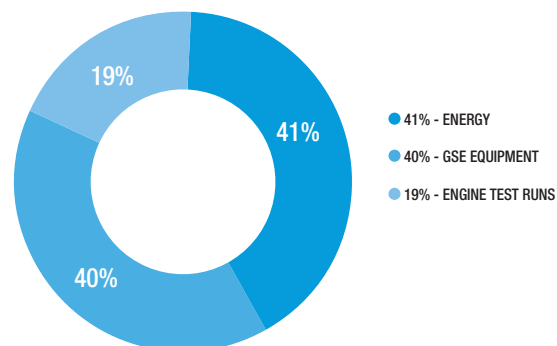
<sup>2</sup> KLM and its subsidiaries: KLM CityHopper (KLC), KLM Equipment Services (KES), KLM Catering Services (KCS), KLM Health Services (KHS), Martinair and Transavia.

<sup>3</sup> Cr, Cd, Ni, Cu, Pb, Sn and Zn.

## BREAKDOWN OF TYPE OF ENERGY



## CO<sub>2</sub> EMISSIONS OF GROUND ACTIVITIES



# NOTE ON THE METHODOLOGY FOR THE REPORTING OF THE SOCIAL INDICATORS

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

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

Since the 2007-08 financial year, the Group has chosen to have a number of its principal social indicators verified by one of the Statutory Auditors, KPMG Audit. Since 2013, pursuant to the provisions of article L.225-102-1 of the Code of Commerce, it has been the responsibility of our Independent Third-Party Body to:

- Attest that the required CSR information is present in the Management Report or, in the event of omission, is the subject of an explanation in application of paragraph three of article R.225-105 of the Code of Commerce (Statement attesting to the presence of the CSR information);
- To express a moderate assurance conclusion on the fact that the CSR data, taken as a whole, are presented in all their significant aspects, in a true manner pursuant to the standards (Reasoned opinion on the true nature of the CSR information)<sup>1</sup>

## REPORTING SCOPE

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

The NRE reporting scope covers 96% of the average employees in the Air France-KLM Group at the end of the calendar year, expressed in full-time equivalent. The subsidiaries of Air France and KLM over which the Group has at least 50% control, whose acquisition dates back at least one full year and which have at least 250 employees are included in this NRE social reporting scope.

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

- For the 2013 financial year, the Air France consolidated subsidiaries are: Aero Maintenance Group, BlueLink, BritAir, CityJet, VLM, CRMA, Regional, Servair Group (ACNA, Only Air Traiteur, PAC SA, Servair SA and Passerelle), Sodexi and Transavia France, representing 73% of the employees of the subsidiaries in the Air France Group.
- For the 2013 financial year, the KLM consolidated subsidiaries are: Cygnific, Cobalt Ground Solutions, KLM UK Engineering Limited, KLM Cityhopper (UK and B.V.), Transavia, KLM Catering Services Schiphol B.V. and Martinair, representing 94% of the employees in the subsidiaries of the KLM Group.

In 2013, the reporting scope of the Air France subsidiaries and KLM subsidiaries remains unchanged.

The reference number of employees for calculating the coverage rate of the NRE social reporting is the average number of employees in full time equivalent during 2013 derived from the Management Control division's BFC tool.

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

## REPORTING TOOLS

The indicators are compiled and consolidated using the Osyris (Operating System for Reporting on Sustainability) reporting software at the disposal of contributors from Air France, KLM and their subsidiaries across the entire reporting scope. Precise definitions of each indicator and user guides for contributors to the Osyris tool are available in both French and English. Consistency tests have also been incorporated within the tool. The data are verified and approved locally at the level of each subsidiary by a local verifier who is responsible for the HR statistical data.

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

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

## DETAILS AND METHODOLOGY/COMMENTARY ON CHANGES IN THE INDICATORS

### "Consolidated social data for the Air France-KLM Group" table

1. The review work was conducted in accordance with the International Standard on Assurance Engagements (ISAE 3000), specific to the verification of extrafinancial data verification.

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

The notes below refer to the references in the tables on p. 74 and P. 75.

### Employees

**Note 1:** The number of people employed by the Group (expressed as headcount) on both permanent (CDI) and fixed-term contracts (CDD) on December 31 of the reference year.

### Recruitment on permanent contracts

**Note 2:** The indicator concerns employees hired on permanent contracts (CDI).

For Air France, the calculation of the number of employees recruited on permanent contracts includes those initially recruited on fixed-term contracts (CDD) transferring to permanent contracts (CDI) during the year.

For KLM, only employees recruited directly on permanent contracts are taken into account.

### Departures

**Note 3:** The reasons for departure are detailed in the notes to the Air France-KLM's 2013 Corporate Social Responsibility Report.

Only redundancies of employees under permanent contract are taken into account in the number of redundancies (including economic).

### Percentage of women c Organization of working time

**Note 4:** These indicators enable the percentage of women to be evaluated relative to the workforce and the proportion of part-time employees on both permanent and fixed-term contracts at December 31 of the reference year.

### Employees by geographical zone at December 31

**Note 5:** In 2011, the few KLM employees in the Caribbean and Indian Ocean geographical zone have been included in the number of employees in the North and South American zone.

In 2013, the Air France Group employees in the French Overseas Territories and Dominions, i.e. 695 employees, are included in the Caribbean and Indian Ocean geographical zone.

### "Other social data" tables

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

### Absenteeism – Health and safety in the workplace

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

The absenteeism rate is not communicated for the Air France and KLM subsidiaries in 2013, the follow-up measures being in the verification process at the level of these entities.

### Air France

**Note 1:** The absenteeism rates are calculated on the basis of a ratio of number of the hours of absence over the hours theoretically worked (excluding leave).

### KLM and KLM subsidiaries

**Note 1:** In the Netherlands, there is no difference between the management of absence following a work-related accident or due to illness. Absences due to illness or work-related accidents are handled in the same way. For this reason, all the days of sick leave or absence due to work-related accidents are taken into account in the rate of absenteeism for illness. The absenteeism rates are calculated by expressing the number of calendar days of absence as a percentage of the calendar days theoretically worked.

### Health and safety – work-related accidents

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

### Air France and Air France subsidiaries

**Note 2:** The Air France's group definition of work-related accidents is in line with the definition under French law (at least one day of absence from work). Travel-related accidents are not included in the indicator but are the subject of specific monitoring and action plans.

### KLM and KLM subsidiaries

**Note 2:** The KLM Group's definition of work-related accidents only takes into account accidents with at least one day of absence from work. Travel-related accidents are not included in the indicator but are the subject of specific monitoring and action plans.

The variation seen between 2012 and 2013 in the number of work-related accidents and the severity rate is partly explained by the fact that the calculation method has changed. For the 2013 financial year work-related accidents involving external labor have been excluded.

### Frequency and severity rates

### Air France:

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

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

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

### KLM and KLM subsidiaries

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

### Training

### Air France and Air France subsidiaries

**Note 4:** The "Number of training hours by employee" indicator is calculated based on all the training sessions, independently of whether or not their nature requires them to be included in the 2483 Regulatory Declaration.

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

### KLM and KLM subsidiaries

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

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

### Number of disabled employees

### Air France and Air France subsidiaries

**Note 5:** For Air France, the number of disabled employees reported are those for whom a valid certificate, pursuant to French law (article L.5212-2 of the French Labour Code), is available, whatever their ability to perform the tasks involved in their position. Note that the data for international employees is reported based on local legislation.

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

Note that the rate of employment of disabled employees for 2013 was not yet known on the date the figures for the reporting of the NRE social indicators were produced within the framework of the Management Report and Registration Document.

### KLM and KLM subsidiaries

**Note 5:** For KLM, an individual is deemed to be disabled if unable to carry out his or her work or any other work at an equivalent salary level. This requires the employer and the employee to look for another position with a salary as near as possible to the previous level and gives the employee the right to government benefits to compensate for any difference.

### Air France

**Note 6:** For Air France, 2013 saw the addition of an "annual revenues generated with the protected sector" indicator. This concerns useful revenues (which is the say linked to the cost of labor) expressed in millions of euros generated with companies in the protected sector.

# NOTE ON THE METHODOLOGY FOR THE REPORTING OF THE ENVIRONMENTAL INDICATORS

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

As of the 2007-08 financial year the Group chose to have a selection of environmental indicators verified by one of the Statutory Auditors, KPMG Audit. From 2013, and in accordance with the provisions of Article L.225-102-1 of the French Commercial Code, it is the responsibility of our independent third-party body to:

- Attest that the required CSR Information appears in the Report of the Board of Directors and that the exclusion of any information is explained in accordance with paragraph 3 of Article R.225-105 of the French Commercial Code (Attestation of completeness of CSR Information);
- Express a limited assurance on the fact that the Information is presented fairly, in all material aspects, in accordance with the Guidelines (opinion on the fair presentation of CSR Information)<sup>1</sup>.

Furthermore, fuel consumption and the related CO<sub>2</sub> emissions for air operations have been verified with the highest level of assurance, reasonable assurance (indicated by the symbols √√) since 2007-08.

## SCOPE COVERED AND SCOPE N-1

**For the flight operations**, the environmental consolidation scope covers:

- All the Air France commercial flights operated by Air France and its subsidiaries HOP1, CityJet and Transavia.
- All the KLM commercial flights operated by KLM and its subsidiary KLM Cityhopper (KLC). The flights operated by KLM's Transavia and Martinair subsidiaries are also included, except for the indicators for Noise energy and the low altitude emissions of HC, NO<sub>x</sub> and SO<sub>x</sub>. Since 2013, Martinair has also been included in the indicators for low altitude emissions of HC, NO<sub>x</sub> and SO<sub>x</sub>.

**For the ground operations**, the consolidation scope for the environmental reporting is unchanged on last year and covers 100% of the sites in France and the Netherlands. The international outstations are not taken into account.

- Air France consolidated subsidiaries are: HOP1, CRMA, Sodexi, BlueLink and Servair and its subsidiaries (only the activities in France). Transavia France and CityJet are not included in the reporting scope.
- Furthermore, for Air France, the indicators in the domestic outstations are not reported when there is no detail available on the fixed charges invoiced by airports. The contribution of the domestic outstations affected by this issue is, however, marginal compared with the reported data.
- KLM consolidated subsidiaries are KLC (KLM Cityhopper), KES (KLM Equipment Services), KCS (KLM Catering Services), KHS (KLM Health Services), Transavia NL and Martinair.

## REPORTING TOOLS

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

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

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

## DETAILS AND METHODOLOGY, COMMENTS ON VARIATIONS

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

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

When the data is not available, the figure reported for the year is estimated

based on the value reported for the previous year.

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

When the data is not available, the figure reported for the year is estimated based on the value reported for the previous year.

## FLIGHT OPERATIONS

### CO<sub>2</sub> emissions

The Air France-KLM Group's CO<sub>2</sub> emissions decreased slightly between 2012 and 2013, activity having seen little variation from one year to the other.

Note that there are differences between the scope of the CO<sub>2</sub> emissions reported and those of the European Emissions Trading Scheme for greenhouse gas emission quotas (EU-ETS), so comparison is not meaningful.

### SO<sub>x</sub> emissions

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

For the KLM Group, the increase is due to the rise in the average sulphur content of the fuel used. The same is true for the Air France group.

### NO<sub>x</sub> and HC low altitude emissions (LTO)

The methodology used for the calculation of low altitude emissions, i.e. below 3,000 feet, is common to Air France and KLM. It is based on the LTO (Landing-Takeoff) cycle and on engine data communicated by the ICAO<sup>2</sup>.

The taxing time taken into account is the actual taxing time, which is more precise than standard values recommended by the ICAO methodology. Note that, since the actual taxing is not available for Transavia France, the standard ICAO values have been used for this subsidiary.

**Note:** following a review of the materiality of the reported indicators in the light of the Grenelle II legislation, it was decided to no longer report total NO<sub>x</sub> and HC emissions but to concentrate on low altitude emissions impacting mostly air pollution around airports.

As a result, starting from 2012, Air France-KLM has reported only NO<sub>x</sub> and HC low altitude emissions.

### In-flight fuel jettison

An exceptional operation (less than one flight in 10,000 in 2013) involving the jettisoning of a quantity of fuel in flight to avoid an overloaded plane on landing whenever a flight is aborted. Each operation is effected in close coordination with air traffic control under strict conditions governing geographical location (avoiding urban zones) and altitude (generally at or above 2,000 meters).

For the KLM Group, from 2013 the in-flight fuel jettison data includes Martinair's operations.

### Total noise energy

This indicator was established by the Air France-KLM Group to manage the evolution in the noise footprint of its activity. The total noise energy indicator is calculated according to the methodology defined by the DGAC<sup>3</sup>. It applies to all flights with the AF or KLM Commercial Code operated, franchised and chartered, code share excepted.

The noise energy calculation for the KLM Group excludes aircraft operated by Martinair and Transavia.

The trends in noise energy and traffic are determined by comparing total noise energy calculated for the calendar year with that of 2000.

## GROUND OPERATIONS

### Water consumption

The consumption of water is taken into account for all ground activities. Water used on board flights is not included.

### Consumption of other energies

The indicator includes the different sources of energy consumed:

- Natural gas for heating buildings, aircraft painting workshops in Maintenance and cooking (the catering activity in particular). The conversion factor of the quantity of gas used as energy is calculated by taking into account the quality of gas specific to France and the Netherlands;
- Superheated and iced water for climate comfort. For Air France, superheated and iced water is supplied by ADP (Aéroports de Paris) at the Orly and Roissy sites. The KLM facilities do not consume this type of energy;
- Jet fuel A1 for testing engines;

- Domestic Fuel Oil (DFO) for power generators;
- Off-road diesel fuel for a portion of the Air France runway equipment;
- Petrol and diesel fuel for Air France and Servair vehicles and Air France and KLM ground support equipment.

The increase seen between 2012 and 2013 for the Air France Group is mainly explained by the use of a new test bench for very big engines. For the KLM Group, the increase is mainly explained by natural gas consumption which was higher in winter 2012/2013.

Note that when source data is missing for energy and water indicators (monthly invoices for example), the related consumption is estimated, based on historical data.

### Emissions from ground operations (CO<sub>2</sub>, SO<sub>x</sub> and NO<sub>x</sub>)

CO<sub>2</sub>, SO<sub>x</sub> and NO<sub>x</sub> emissions and their trends are linked to the energy consumption listed above.

For Air France, NO<sub>x</sub> emissions related to engine testing are calculated based on a methodology similar to the one used for flight operations which reflects the actual testing conditions.

The decrease observed for the Air France's group on NO<sub>x</sub> is explained by the change in the methodology for runway equipment emissions. This year the assembly of fuel consumption data from invoices was carried out over the full scope, contrary to the previous years when these figures had been estimated. The decrease observed for SO<sub>x</sub> is due to less FOD reported in 2013.

### VOC emissions

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

For the Air France Group, the decrease between 2012 and 2013 is mainly due to fewer aircraft being painted in 2013.

### HC emissions

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

### Hazardous industrial waste

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

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

### Effluents

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

The reported data reflects the number of times a regulatory threshold is exceeded relative to the number of measurements for each type of effluent. For 2013 the results, expressed in terms of the number of times regulatory limits are exceeded as a proportion of measurements, were, respectively:

- For Air France, 1/10 for Nitrogen compounds, 4/61 for Phosphorus compounds and 8/723 for metals.
- For KLM, 0/52 for Nitrogen compounds, 0/52 for Phosphorus compounds and 0/280 for metals.

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

1. The review work was conducted in accordance with the International Standard for Assurance Engagements (ISAE 3000) specific to the verification of extra-financial data.  
2. International Civil Aviation Organization.  
3. French Civil Aviation Authority (Direction Générale de l'Aviation Civile).

## 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.

AIR FRANCE-KLM	AIR FRANCE		
	Passenger transport, Maintenance, Cargo	BRIT AIR	✕
	✕ 11 12	CITY JET	✕
		VLM AIRLINES	✕
		REGIONAL	✕
		SERVAIR GROUP	
		TRANSAVIA	✕
		CRMA	11
		BLUELINK	12
		SODEXI	12
		AERO MAINTENANCE GROUP	11
			ACNA 12
			OAT 12
			PAC SA 12
			SERVAIR SA 12
			PASSERELLE 12
	KLM		
	Passenger transport, Maintenance, Cargo	KLM CITYHOPPER B.V.	✕
	✕ 11 12	TRANSAVIA AIRLINES C.V.	✕
		KLM CATERING SERVICES SCHIPHOL B.V.	11 12
		CYGNIFIC B.V.	12
		COBALT GROUND SOLUTIONS LTD.	12
		KLM EQUIPMENT SERVICES B.V.	12
		KLM HEALTH SERVICES B.V.	12
		KLM UK ENGINEERING LTD.	11
		MARTINAIR HOLLAND N.V.	12
		EPCOR B.V.	11
		INTERNATIONAL AVIATION SERVICES LTD.	✕
		KLM LUCHTVAART SCHOOL B.V.	11

✕ Passenger transport   11 Maintenance   12 Cargo (logistic or freight transport)   12 Ground services   11 12 Catering   12 Aircraft cleaning   12 Call center   12 Medical services   12 Assistance to passengers having limited mobility   11 Training

## GRENNELLE II SOCIAL, CORPORATE CITIZENSHIP AND ENVIRONMENTAL INFORMATION

Pursuant to article 225 of the application decree of the French Grenelle II Legislation of July 12, 2010, the social, societal and environmental reporting found in chapter 4 of the 2013 Management Report of Air France-KLM Group that has been approved by the Board of Directors on the 19th of February 2014. This information can also be found in chapter 4 of this Registration Document.

Social, societal and environmental reporting	Air France-KLM Registration document 2013
<b>Social Information</b>	
Employment, work organization, training, labor relations	Pages 106 to 111
Health and safety	Pages 111 to 114
Equal opportunities	Pages 114 to 116
Social indicators	Pages 117 to 123
<b>Corporate citizenship information</b>	
Territorial, economic and social impact and and sponsorship	Pages 126 to 128
Relations with stakeholders	Pages 124 and 126
Subcontractors and suppliers	Pages 128 to 129
Fair business practices, human rights	Pages 124 to 125
<b>Environmental information</b>	
Environmental policy	Pages 130 to 132
Pollution, waste management and sustainable use of resources	Pages 132 to 134
Climate change and biodiversity	Pages 134 to 136
Environmental indicators	Pages 137 to 143



# Statutory Auditor's Assurance Report on a Selection of Environmental and Social Indicators of Air France-KLM Group for the Year ended December 31, 2013

As requested and in our capacity as Statutory Auditors of Air France-KLM S.A., we have performed a review in order to provide:

- A limited level of assurance the environmental and social indicators for the year ended December 31, 2013 selected by Air France – KLM Group and identified by the symbol √,
- a reasonable level of assurance on the indicators 'Fuel consumption' and 'CO<sub>2</sub> emissions' relating to air operations for the year ended December 31, 2013, identified by the symbol √√.

This selection of indicators ('the Data') is presented in the tables 'Environmental indicators' and 'Social indicators' of the 2013 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's Environment and Sustainable Development division, in accordance with internal performance reporting procedures (hereinafter 'the Protocol'), 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 regulatory requirements, our profession's Code of Ethics and Article L.822-11 of the French Commercial Code. In addition, we have set up a comprehensive quality control system, including documented policies and procedures, to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## 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 2013 Corporate Social Responsibility Report as a whole.

The work has been performed by our corporate responsibility experts.

We conducted our procedures in accordance with International Standards on Assurance Engagements ISAE 3000<sup>1</sup> and in compliance with the professional guidelines applicable in France.

## Nature and scope of our procedures

### Limited assurance

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

- Assess the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account best practices in the industry, if applicable;
- Verify that a data collection, compilation, processing and quality control process has been implemented to ensure the completeness and consistency of the Information and review the internal control and risk management procedures involved in the preparation of the CSR Information.

We determined the nature and scope of tests and quality control processes, based on the type and importance of the CSR Information with respect to the characteristics of the company, the social and environmental impacts of its business activities, its sustainable development strategy, and industry best practices.

We performed consistency tests on the consolidated Data at Group level.

At the entity level, for a representative sample of entities selected<sup>2</sup> on the basis of their business activity, contribution to consolidated indicators, where they operate and a risk analysis, we conducted interviews to verify the proper application of procedures and performed substantive tests using sampling techniques, to verify calculations and reconcile data with supporting documents. The selected sample accounted for 78% of the workforce and between 51% and

100% of the Group's quantitative environmental information.

### Reasonable assurance

Concerning the information selected by the Group and identified by the sign √√, we conducted the same work as the one described on paragraph hereinabove for the CSR information considered as the most important but in a more extensive way, particularly concerning the number of tests.

The Entities selected represent 100% of the consolidated environmental Data identified by the sign √√.

In our opinion, our work allows us to express a reasonable assurance on the information selected by the Group and identified by the sign √√.

## Conclusion

### Limited assurance

Based on the procedures performed, we did not identify any material anomaly likely to call into question the fact that the Data in the tables 'Environmental indicators' and 'Social indicators' of Air France-KLM Group's 2013 Corporate Social Responsibility Report, identified by the symbol √, have been prepared, in all material respects, in accordance with the above-mentioned Protocol.

### Reasonable assurance

In our opinion, the indicators "Fuel consumption" and "CO<sub>2</sub> emissions" relating to air operations, identified by the symbol √√ in the 2013 Corporate Social Responsibility Report, have been prepared, in all material respects, in accordance with the above-mentioned Protocol.

Paris La Défense, April 10, 2014

### KPMG Audit

Department of KPMG S.A.

Valérie Besson  
Partner

<sup>1</sup> ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

<sup>2</sup> **Environment:** Air France Industrial Division (Orly and Villeneuve-le-Roi), Air France ground vehicles & equipment, Servair group and subsidiaries (Servair 1, Acna Roissy), KLM Schiphol and headquarters **for ground operations.** Air France and subsidiaries CityJet, BritAir, Regional and Transavia France, KLM, KLM CityHopper, Transavia and Martinair **for air operations.**  
**Social:** Air France in France, KLM in the Netherlands and Cobalt Ground Solutions in England.



## Global compact: Communication on Progress

Air France-KLM established a Corporate Social Responsibility Statement which covers the ten principles of the United Nations Global Compact. Below an overview of where the information can be found in the report regarding these principles and where additional information can be found.

GLOBAL COMPACT PRINCIPLE	PAGES	EXTRA INFORMATION AVAILABLE OUTSIDE THE CSR REPORT	SOURCE
<b>Human Rights</b> <b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and <b>Principle 2:</b> make sure that they are not complicit in human rights abuses	12,13,20	→ Air France-KLM Social and Ethics Charter → Contract clause on labour protection → Sustainable Procurement Charter for suppliers	In-house documents, Air France-KLM Registration Document 2013 page 124 Air France: <a href="http://corporate.airfrance.com/en/sustainable-development">http://corporate.airfrance.com/en/sustainable-development</a> KLM: <a href="http://www.klmtakescare.com">http://www.klmtakescare.com</a>
<b>Labour Law</b> <b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; <b>Principle 4:</b> the elimination of all forms of forced and compulsory labour; <b>Principle 5:</b> the effective abolition of child labour; and <b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation	50-59	→ Air France – KLM: Social Rights and Ethics Charter. → Air France: Charters for the prevention of harassment at the workplace, for Occupational Safety and Accident prevention, Agreement on psychological and social risks. → KLM: Collective Labor Agreement, Occupational Health & Safety Policy Statement.	In-house documents, Air France and KLM websites Air France-KLM Registration Document 2013 pages 106-123
<b>Environment</b> <b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges; <b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and <b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies	22-37	→ GEP Code for Good Environmental Practices → Environmental protection clause for suppliers	In-house documents, Air France and KLM websites Air France-KLM Registration Document 2013 pages 130-143
<b>Fight against Corruption</b> <b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery	12, 20	→ Air France-KLM Financial Code of Ethics → Air France and KLM Anti-Bribery Manual → Code of Ethics to be signed by Air France and KLM buyers → Air France and KLM Whistleblower procedures, → KLM Code of Conduct	In-house documents, Air France and KLM CSR websites Air France-KLM Registration Document 2013 pages 124-125

## GRI correspondence: A level

GRI3 principles and recommendations were taken into account for the writing of this report. GRI has performed the Application Level Check to show to which extent the GRI guidelines have been utilized in the report. The check confirmed the A level. The complete GRI indicators table can be found on the Air France and KLM website: [www.klm.com/csr](http://www.klm.com/csr) and <http://corporate.airfrance.com/en/sustainable-development>.

MAIN CHAPTERS OF THE REPORT	PAGES OF THE REPORT	STRATEGY AND ANALYSIS	ORGANIZATIONAL PROFILE	REPORT PARAMETERS	GOVERNANCE, COMMITMENTS AND ENGAGEMENT	MANAGEMENT APPROACH AND PERFORMANCE INDICATORS					
						ECONOMIC	ENVIRONMENTAL	LABOR PRACTICES & DECENT WORK	HUMAN RIGHTS	SOCIETY	PRODUCT RESPONSIBILITY
Foreword	3	X									
Interview	4	X									
Financial results	8		X								
Key figures	4-8		X	X							
CSR Highlights	9			X							
Governance and organization	12-23					X			X		
Our CSR approach	12	X			X	X			X	X	
Environment	22				X		X				
Sustainability in the Customer Experience	38				X						X
Responsible Human Resources	50				X			X	X		
Local Development	60				X	X				X	
Indicators	70			X	X		X	X			



## International non-financial indexes and rating 2013

Air France-KLM is assessed annually by the major international non-financial rating agencies, including RobecoSAM, Vigeo, Eiris and OEKOM. For the 9th 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 fifth 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 and on the Vigeo indexes (World 120, Europe 120, Eurozone 120, France 20 and Ethibel Sustainable Index (ESI) Excellence Europe).

Air France-KLM is included in the Carbon Disclosure Leadership Index (CDLI) France 2013, which ranks the 10% companies having the best scores for transparency, among the largest companies by market capitalization in France. Moreover, the Group is included in the Climate Performance Leader Index (CPLI) France 2013, which includes companies having achieved a grade A.



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