



# CORPORATE SOCIAL RESPONSIBILITY REPORT 2016

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## Governance

Our global business brings people, economies and cultures together, and drives economic growth and social progress. We assume our responsibilities and take action to reconcile growth with environmental protection, social value and local development at our hubs and our destinations.

# CSR APPROACH

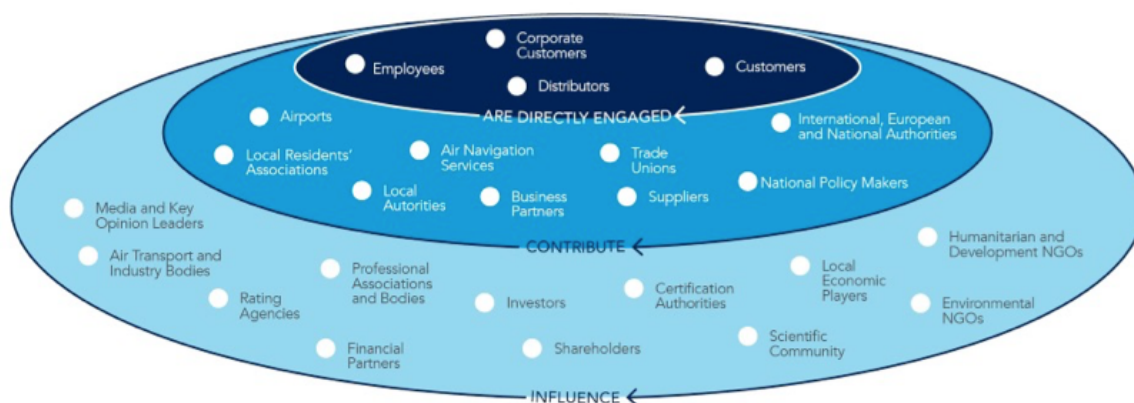
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**Engaging with stakeholders plays a major part in our CSR strategy. Stakeholders are people and groups that are significantly involved in our activities, and who could impact our ability to successfully implement our strategy.**

As a worldwide operator, we interact with different stakeholder groups.

## STAKEHOLDER ENGAGEMENT

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We identify and engage with our major stakeholders through various channels, for example, in 2016, we:

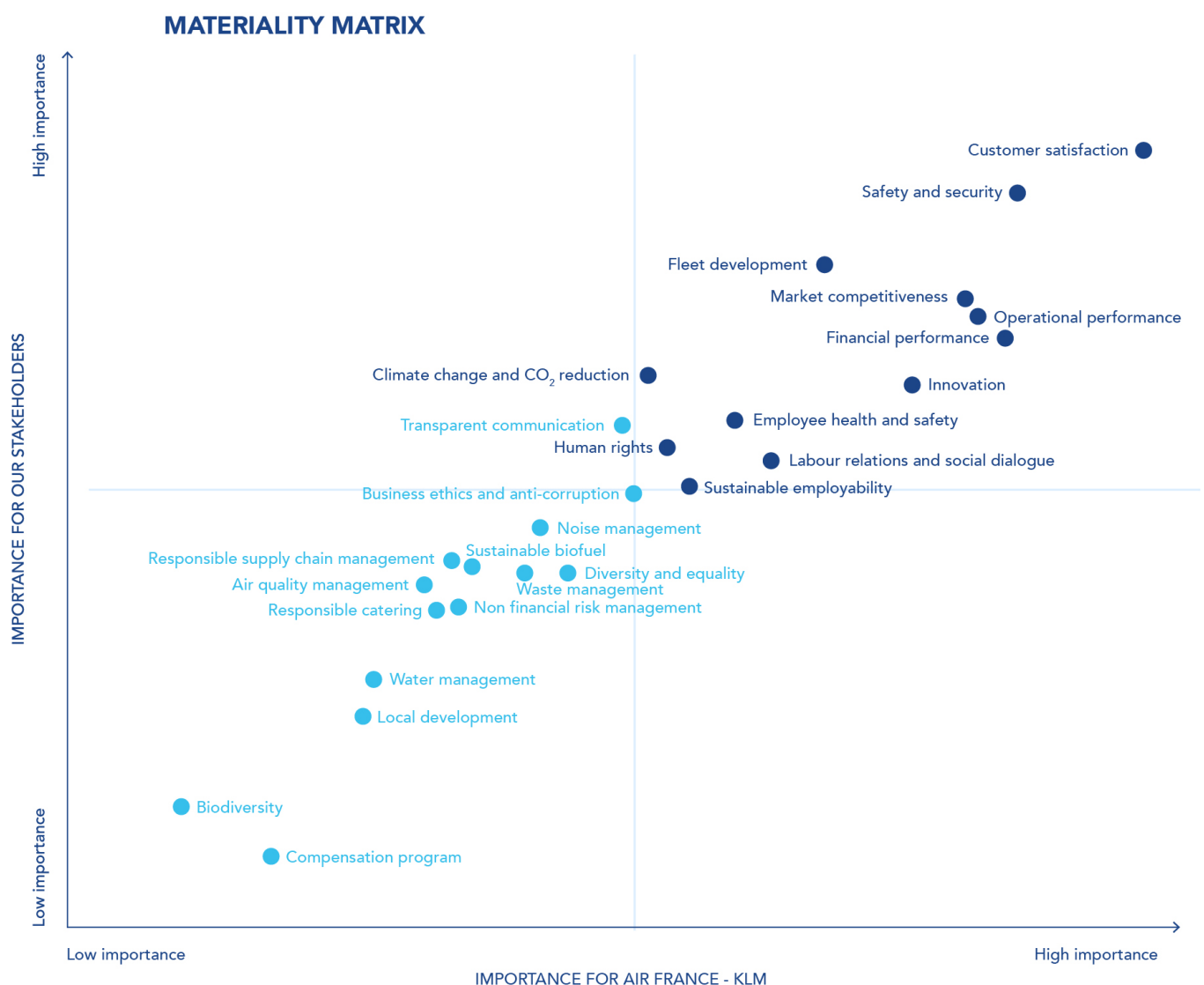
- set up internal barometers and events to monitor staff perception and collect suggestions for improvement
- held external stakeholder sessions
- carried out customer satisfaction and perception surveys
- engaged in dialogue and evaluated supplier CSR performance
- used best practice benchmarking with other large companies and contributed to working groups within the industry
- held dialogue with shareholders and investors, and were given a positive assessment from non-financial rating agencies
- collected reviews and comments via dedicated email addresses, websites and social media
- opened up various engagement pathways to enable stakeholders (particularly employees, customers and local residents around airports) to communicate any comments and potential complaints.

## MATERIALITY ASSESSMENT

In 2016, we carried out a materiality analysis regarding our CSR Strategy. We selected a number of topics that we believe are relevant to our business and we invited all relevant stakeholder groups, mainly in France and in the Netherlands, to share their opinion on these topics:

- 26 topics in 4 categories: customer experience, environment, social, governance & economy.
- In February 2017, more than 40,000 stakeholders were invited to participate in a survey: corporate and individual customers, Air France and KLM employees and managers, shareholders, investors, suppliers, NGOs, governmental organizations, parliamentarians, Paris/Schiphol area representatives, CSR experts (non-financial agencies, certification agencies), corporate CSR managers, aviation industry partners and peers. The answer rate was around 10%.
- For each topic, stakeholders were asked to prioritize and rate the importance for Air France-KLM, specify the top five most important topics and evaluate the performance of the Group.

Following the recommendation of the Global Reporting Initiative 4 (GRI4) guidelines, a materiality matrix was developed showing the most material aspects for the Group.



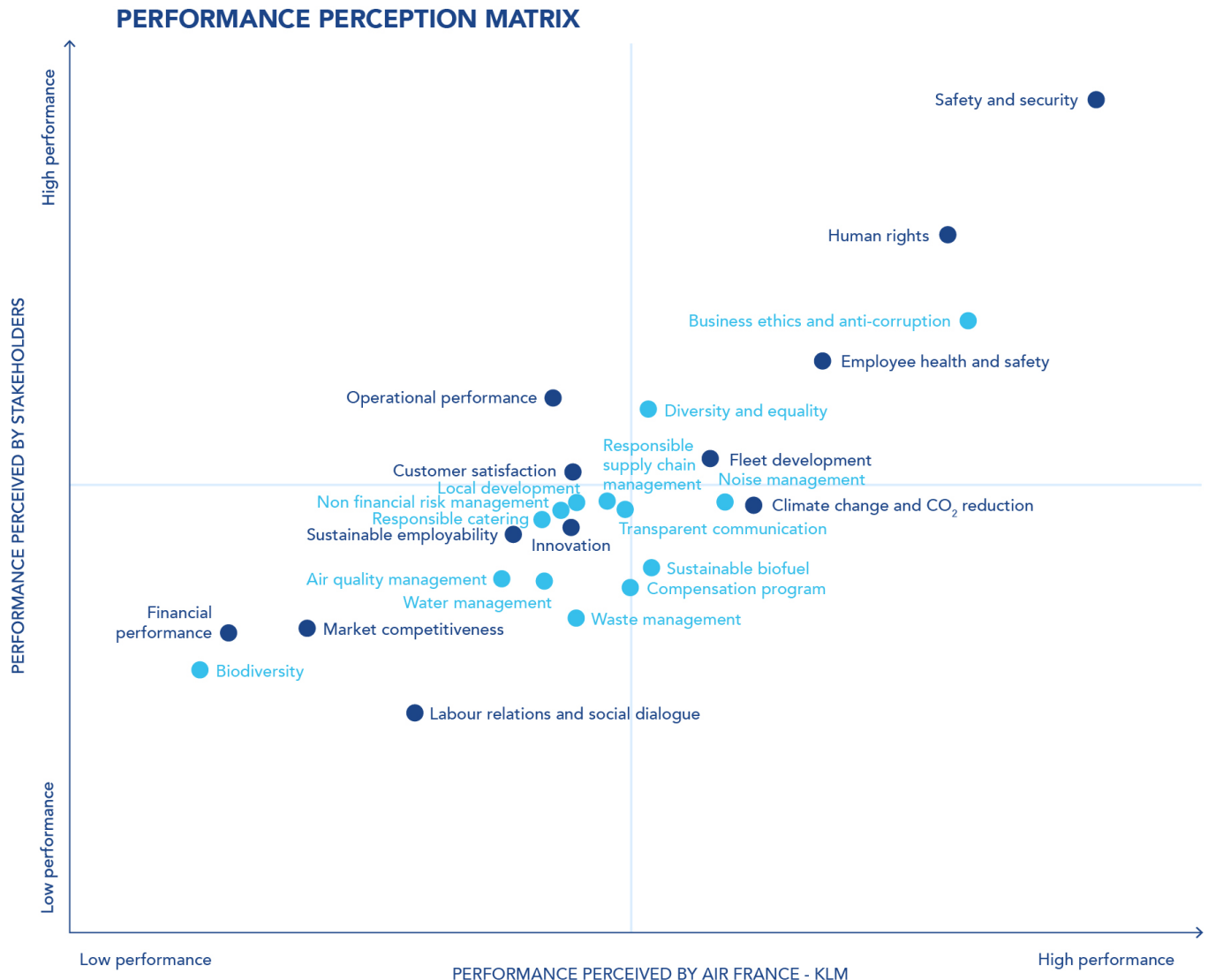
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The topics represented in the upper right corner of the materiality matrix are considered most relevant from the business perspective of Air France-KLM, as well as by its stakeholders. According to this analysis, our most material topics are:

1. Customer satisfaction
2. Safety & security
3. Financial performance
4. Market competitiveness

5. Operational performance
6. Fleet development
7. Innovation
8. Labour relations & social dialogue
9. Employee health & safety
10. Climate change & CO<sub>2</sub> reduction
11. Human rights
12. Sustainable employability

Note that Air France-KLM and its stakeholders have a similar belief with regard to the importance of topics as no topics are clearly present in the top left or bottom right corner.



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Air France-KLM and its stakeholders have a similar take on the performance of the topics. Most topics are located in the middle – indicating an average performance – or shown in the bottom left corner and the top right corner:

- The topics in the top right corner represent topics that received a high performance score from Air France-KLM and its stakeholders. Five of these topics are also indicated as material topics: safety & security, human rights, employee health & safety, fleet development, climate change & CO<sub>2</sub> reduction.
- The bottom left corner, on the contrary, contains topics which received low performance scores. The three material topics are especially interesting, as they require additional attention in reporting and strategy: labour relations & social dialogue, market competitiveness, financial performance.

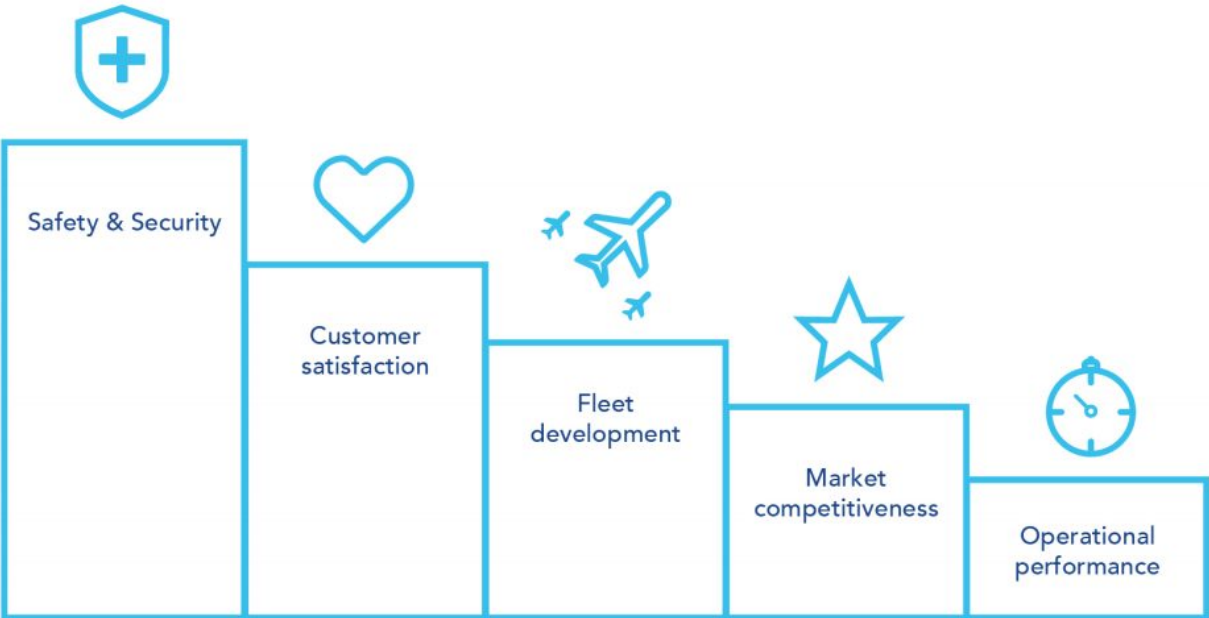
Launched in 2016, the strategic plan Trust Together, should enable Air France-KLM to rise to four major challenges: capture their share of worldwide air transport growth, reinforce the Group's competitiveness and operational efficiency, further enhance the customer experience and redefine a new social ambition to restore truth and strengthen staff engagement.

Lastly, stakeholders were asked to rank the top five material topics. The average “top five” includes operational and economic aspects, such as financial performance, operational performance, market competitiveness, innovation or fleet development. The most important topics are customer satisfaction and safety and security.

Some examples of “top five” as ranked by different stakeholder groups:

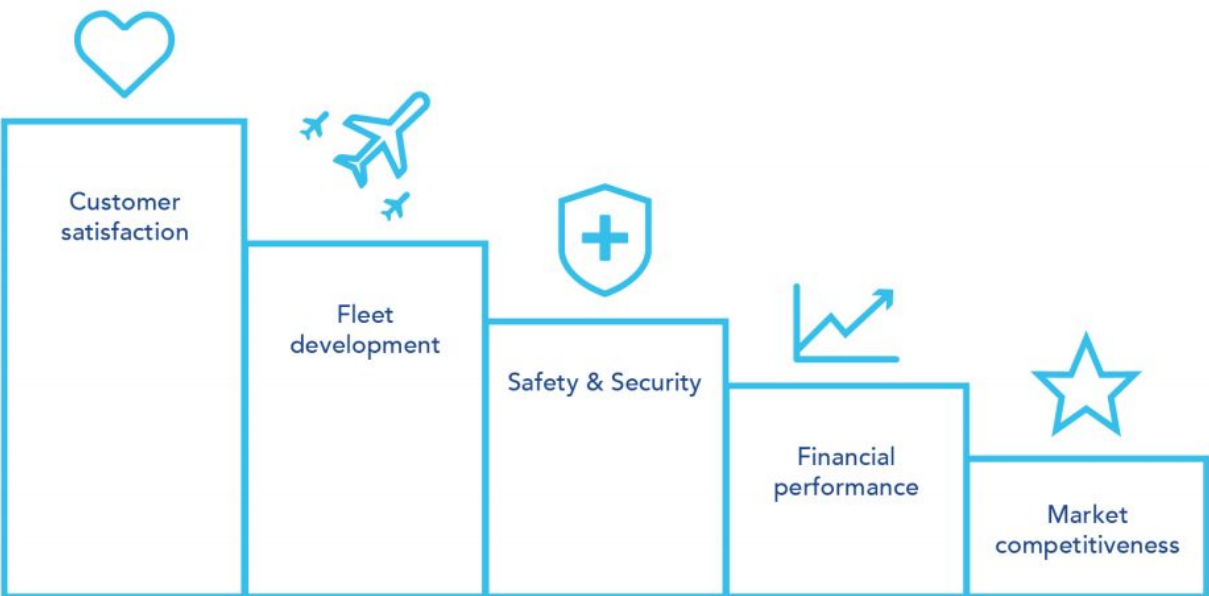
**CUSTOMERS**

Survey realized in 2017



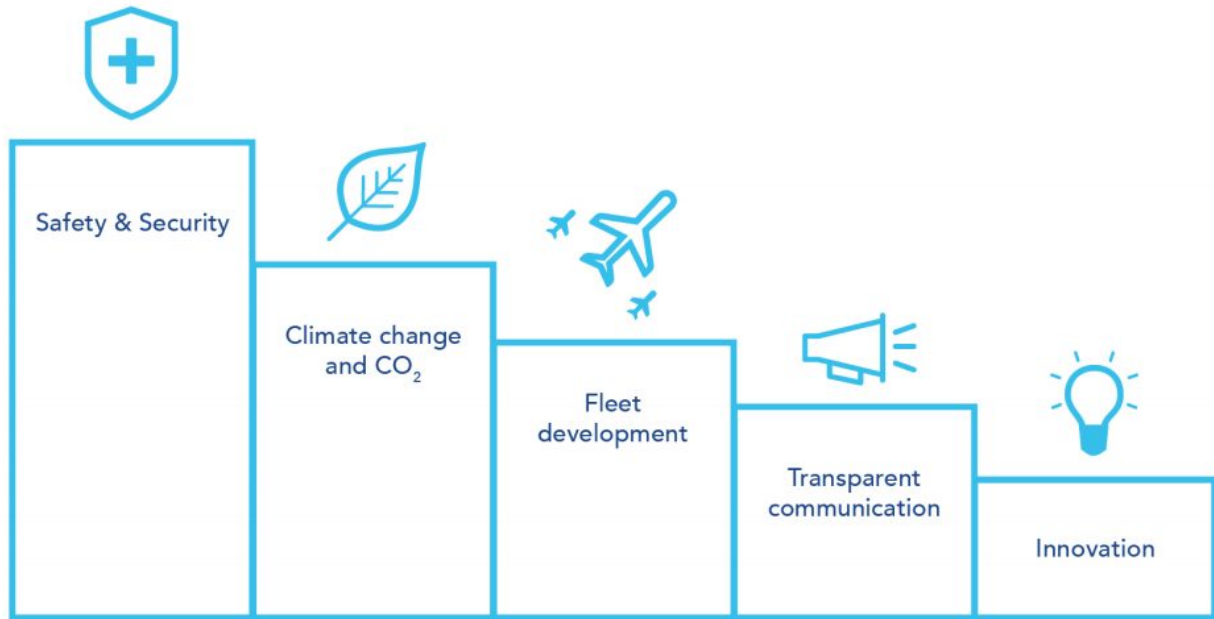
**SHAREHOLDERS, INVESTORS**

Survey realized in 2017



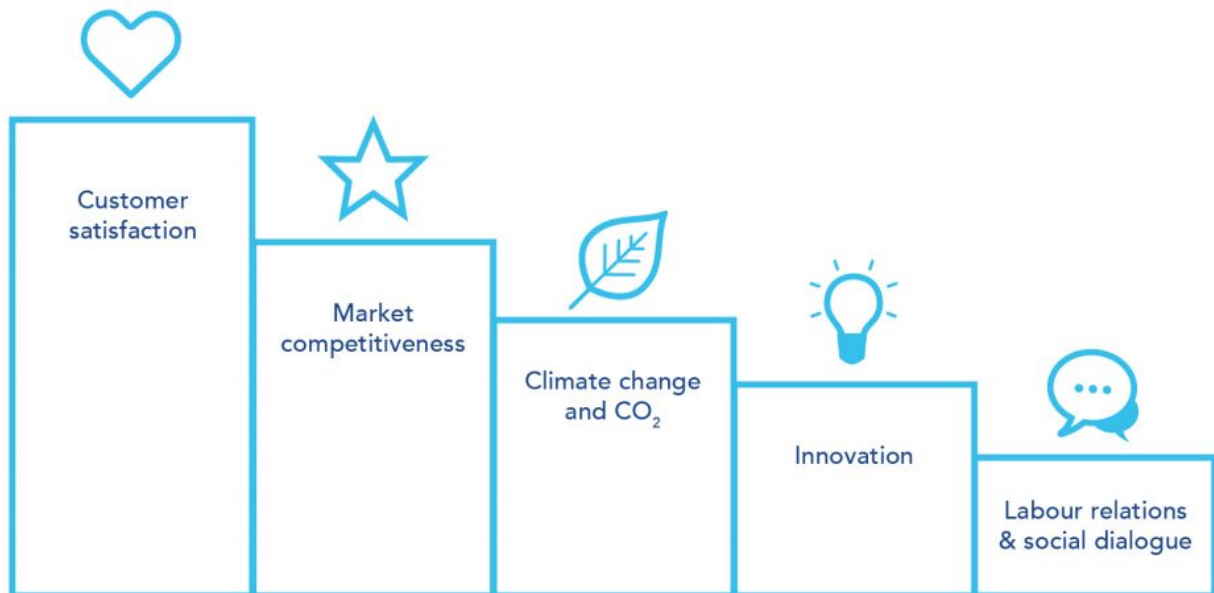
## GOVERNMENTAL ORGANIZATIONS

Survey realized in 2017



## NGO

Survey realized in 2017



# CSR STRATEGY

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**We integrate Corporate Social Responsibility in our business and operations. Our CSR strategy is centered around four pillars: environment, customer experience, employee journey, and local development.**

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

## ENVIRONMENT

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



## CUSTOMER EXPERIENCE

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



## EMPLOYEE JOURNEY

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



## LOCAL DEVELOPMENT

Create economic and social value, through our network, at hubs and destinations.



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## NATIONAL AND INTERNATIONAL COMMITMENTS

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We respect fundamental rights by referring to:

- 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
- The Organization for Economic Cooperation and Development's (OECD) guiding principles.





Since 2003 and 2006 respectively, Air France and KLM have been signatories of the United Nations (UN) Global Compact. They are committed to respecting and promoting its ten principles. The Group promotes this path and we encourage our partners and suppliers to make the same commitments. Air France is a signatory of the Caring for Climate initiative led by the UN Global Compact and the UN Environment Program.

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In 2014, Air France signed the Paris Climate Action Charter.



KLM has been working with UNICEF the Netherlands on applying the Children's Rights and Business Principles (CRBP).

Commitments to sustainable procurement:

- Air France signed the Charter for Public Companies in Favour of Innovative SMEs.
- KLM signed the Sustainable Supply and Corporate Responsibility Manifesto that aims to boost the market for sustainable products and services.

## WORKING ON SUSTAINABLE DEVELOPMENT GOALS

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In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development. The 2030 agenda sets 17 Sustainable Development Goals (SDGs) which are a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity.



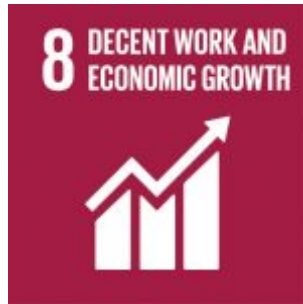
As Air France-KLM we have to focus on SDGs where we see we can have a valuable contribution.

SDG 13 "Climate Action" corresponds to our business. Together with other actors of the aviation industry, we have agreed on a four-pillar strategy for reducing CO<sub>2</sub> emissions and are making progress working towards three global climate goals. We have set the goal to reduce our CO<sub>2</sub> emissions by 20% by 2020 (g. CO<sub>2</sub>/passenger/km), and we support a global system to offset aircraft CO<sub>2</sub> emissions.





We contribute to other goals as well. By striving to add economic and social value in the areas where we operate, and by working together with local partners, we are also invested in SDG 8 “Decent Work and Economic Growth”.



By contributing to the emergence of an international market for sustainable aviation biofuels that are environmentally friendly and have a positive impact on economic and social development, we are committed to SDG 7 “Affordable and Clean Energy”. For instance, the KLM Corporate BioFuel Program and Air France Lab’line project contribute to this SDG, and to SDG 17 “Partnerships for the Goals”. Through the International Civil Aviation Organization (ICAO) and together with other air transport associations (IATA, ATAG), we strive to strengthen our global partnership for a more sustainable aviation industry.



Linked to these goals is SDG 9, “Industry, Innovation and Infrastructure”. We are committed to this objective through various research and innovation projects in cooperation with several stakeholders to better understand and reduce the impacts of aviation on the environment.



Our voluntary offsetting programs, such as KLM’s CO2ZERO program and Air France’s partnership with GoodPlanet, use Certified Emission Reduction units generated through offsetting projects relating to, for instance, improved cook stoves, which has a positive impact on SDG 3 “Good Health and Well-being” as well.



Finally, we are especially committed to SDG 12 “Responsible Consumption and Production” by working closely with our suppliers worldwide with the common goal of integrating sustainability in our supply chain. By sourcing products and services that minimize our environmental footprint and have a positive social impact, we strive for sustainable consumption and production patterns. Moreover, we promote circular economy by reducing, reusing and recycling our waste.



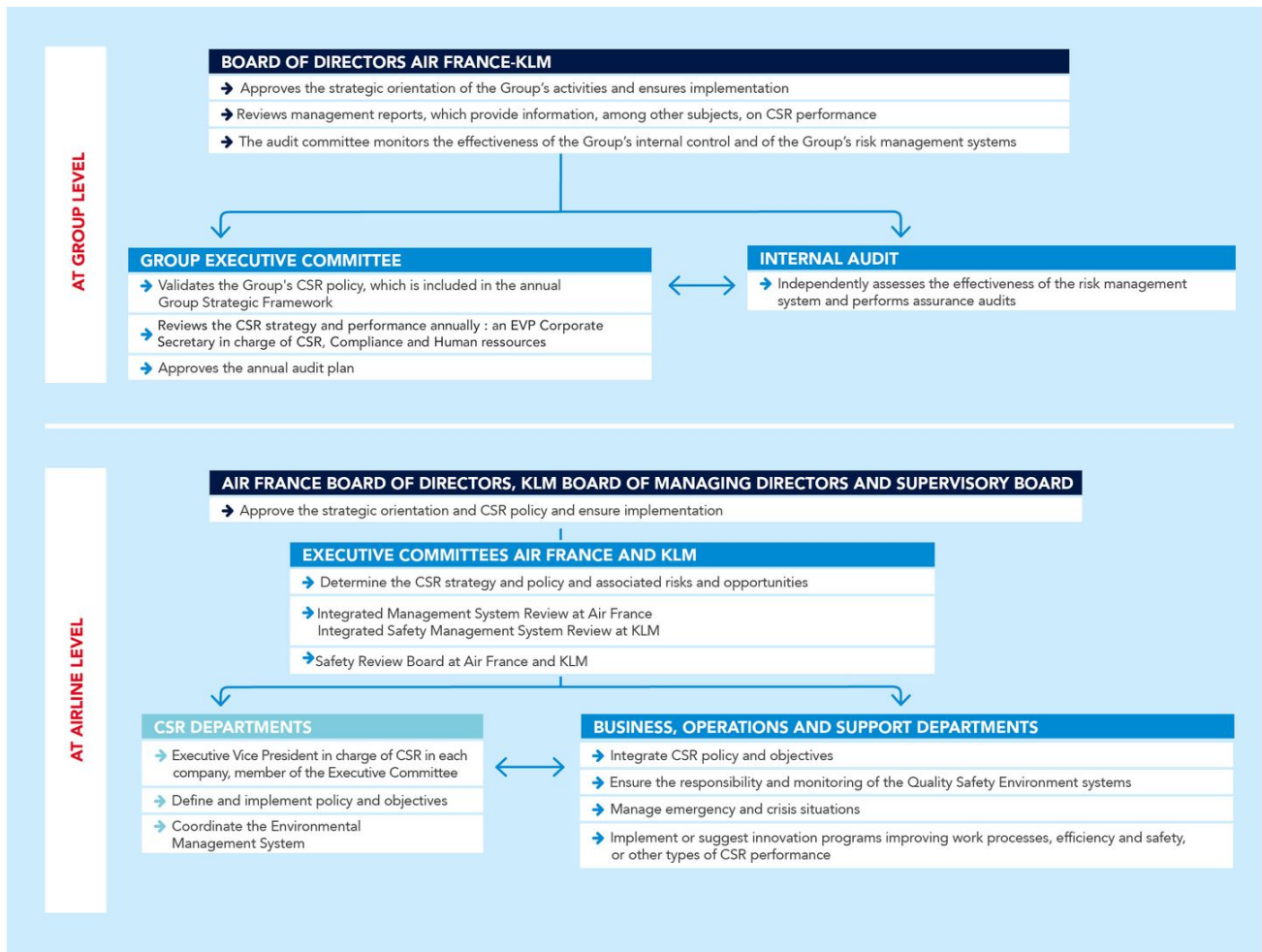
We are members of organizations which gather medium size and international companies and promote SDGs. Air France is a member of the Global Compact Advanced Level Working Group. KLM is part of the Dutch Sustainable Growth Coalition, a conglomerate of Dutch multinationals from different sectors who are leaders in the field of sustainability. Coalition members participate in various partnerships that contribute positively to one or more SDGs.

The SDGs are set by the State, but everyone, including companies, are involved in reaching the objectives. Although the goals might not change the way our sustainability strategy is carried out, one of the new challenges is to involve our employees and customers in reaching the goals.

To make clearer our contribution to SDGs, we indicate the corresponding SDGs logos on the topic pages of our report.

## SUSTAINABILITY IN BUSINESS AND OPERATIONS

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Other airlines of the Air France-KLM Group adopted the same “Takes Care” motto for their CSR actions. In 2017, we will refocus our CSR ambitions in line with the Group Strategic Plan and Trust Together, taking the materiality analysis and the UN Sustainable Development Goals into account.

# TRUST TOGETHER

Regaining  
the offensive

Further develop  
customer relationships  
to create more value

Reinforce operational  
efficiency and  
competitiveness

Redefine a new social  
ambition to restore  
truth and strengthen  
staff engagement



## TAKE CARE TOGETHER



transavia  
takes care



## 4 CSR PILLARS



ENVIRONMENT



CUSTOMER  
EXPERIENCE



EMPLOYEE  
JOURNEY



LOCAL  
DEVELOPMENT

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## OBJECTIVES AND MANAGEMENT INDICATORS

The Air France-KLM CSR strategy, is centered on four pillars: environment, customer experience, employee journey, and local development.

At Air France the annual Integrated Management System performance contracts are signed by the Executive Committee every year. For each division, these contracts enable the Trust Together priorities to be defined within the Group, thus enabling us to consolidate all the action plans into a single support scheme and to promote major projects and innovations. As real “roadmaps” for the year, they also reflect the managerial commitment with the dual signature of the division’s EVP / VP and Air France CEO.

They include the content of the action plans and the associated objectives, in terms of flight safety, health and safety at work, customer quality, operational performance, economy, human resources, environment and sustainable development, food safety, security and IT systems.

Progress made on the objectives and the annual action plans is monitored yearly within the Integrated Management System.

In 2016, two new CSR objectives were added in the HR contracts:

- Promote diversity and access to positions of responsibility to women. Objective: To increase the rate of female managers by 2020 (ground staff).
- Encourage the employment of people with disabilities. Objective: To increase the employment rate of persons with disabilities to reach 6% by 2017 (international corporate target including direct actions and purchases from the protected sector).

Environmental objectives for 2020 are:

- Aircraft energy efficiency: 20% reduction in CO<sub>2</sub> emissions compared to 2011, including market-based measures (g. CO<sub>2</sub> /passenger / km).
- Ground energy efficiency: 20% reduction in overall energy consumption compared to 2011 (MWh/m<sup>2</sup>).
- Waste recycling and recovery: 100% of non-hazardous waste and 60% of hazardous waste recovered.

At KLM, ambitions for 2020 and beyond were refocused in 2016, as part of the KLM “Moving your World” approach. We create the optimal working climate, aiming to integrate sustainability in our operations, adding value to the customer experience with responsible products and services, and contributing to the central position and objectives of sustainable development.

- Energy: a 20% reduction in CO<sub>2</sub> emissions compared to 2011, including market-based measures (g. CO<sub>2</sub> / passenger / km).
- Waste: an objective of 50% less residual waste (relative to 2012) in 2025 by innovating towards more efficient processes in order to reduce our environmental footprint.
- Responsible Catering: KLM takes care of a responsible catering experience by choosing products with integrity.
- Community Involvement: local support at the hubs, in the areas related to our operations and elsewhere, contributing to Sustainable Development Goals.

The energy efficiency targets for 2020 are common Air France and KLM objectives. Other more local CSR aspects are specified and targeted for each airline separately, due to the specific local influence factors

# SAFETY

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**Safety is our absolute priority. It is essential 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 passengers, employees and aircraft.

## INTERNATIONAL STANDARDS

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All of the Group's businesses are subject to extensive safety controls and certifications. They have to meet extremely strict standards and the highest level of regulations in the industry:

- at a European level with the European Aviation Safety Agency (EASA),
- globally with the International Air Transport Association (IATA), whose IOSA operational safety audit is a standard for the industry. In 2016, Air France and KLM were audited and their IOSA certifications have been renewed for two more years.

In 2016, Air France extended the safety procedures that are based on the principle of Line Operation Safety Audit (LOSA), to Maintenance, Ground Operations and Cargo, which involved:

- 65 specially-trained volunteer mechanics, ground operators and cargo staff
- around 1,200 observations performed.

The findings on practice and performance are analyzed and action plans are then conducted to improve flight safety.

## SAFETY MANAGEMENT

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To achieve the highest possible standard of flight safety, both airlines are upgrading and updating their respective Safety Management Systems (SMS). The SMS deals specifically with risk management in aviation. It is fully integrated into the organization, processes and culture of the company and is approved at the highest level of Group management, and through training and awareness-building initiatives among staff members.

On January 2016, Air France implemented new risk model diagrams based on the “Bow-tie Method” as well. They are the central components of the new working methodology for the risk analysis for teams and managers to ensure a continuous improvement in the robustness of the operating procedures. The required measures can then be implemented more precisely and efficiently. The “Bow-tie” analysis methodology is progressively becoming a reference model for Safety Management Systems in the air transport industry.

KLM’s Integrated Safety Management System (ISMS) enables and oversees a framework for continuously reducing and mitigating safety risks in the domains of operational safety, occupational safety, operational security and environmental safety.

In October 2016 KLM reached the next level of Safety management by introducing an Integrated Safety Services Organization where all four safety domains, expertise and legislation are housed and managed under one roof. Governance of Integrated Safety is embedded within the Safety Review Board under chairmanship and responsibility of the Chief Operating Officer.

## CULTURE OF SAFETY

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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 and contribute to a continual improvement process. To maintain the highest level of staff skills, we constantly revise our training programs and implement crisis prevention plans.

Air France and KLM promote a culture of trust and transparency, encouraging employees to report possible unsafe situations, incidents or accidents. We make sure no action is taken against employees who report, or who are involved in a safety occurrence or hazard.

Communication and promotion, as well as specific safety-related trainings, are key to building a culture of safety. In 2016:

- 1,300 employees from all Air France divisions joined Flight Safety workshops which were based on the re-enactments of real events.
- 30,000 KLM-employees and contracted ground staff successfully completed Module 2 of the ISMS e-learning module, part of a series of three modules applicable for all staff.

Working groups are continuously improving the performance of processes, while updates and e-newsletters are distributed to inform managers and employees on safety-related topics and safety principles. Increasingly, KLM uses new techniques such as iPads, online channels and apps to inform the applicable Safety target groups accordingly.

The Group-wide social network, Yammer, is used to share relevant information. In groups such as KLM Safety Yammer, news and instructions on safety expertise are exchanged to create awareness and inspire safe employee behavior in all divisions.

## AIR FRANCE AND KLM VOLUNTEERS

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Air France and KLM Volunteers programs play an essential role in case of a major event that could jeopardize the safety of our customers, our employees or our operations. These programs bring together 3,500 employees of Air France and 2,000 employees of KLM of different positions, skills, hierarchical levels or geographical locations.

Air France and KLM completely revised the training for volunteers in 2016. Based on testimonies and real-life situations, with the participation of several specialists, this one-day training is organized onsite in order to encourage exchanges and personalized answers. One of its goals is to teach the volunteers how to fulfill their mission while protecting themselves emotionally.

Since its revision, more than Air France 250 volunteers have been trained. The Volunteer Program was launched in March 2016 in connection with the Brussels attacks, to assist Delta Airlines teams who were hit hard by this terrible tragedy.

## DATA PROTECTION

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Passenger booking, flight program management, baggage check, ticket prices, aircraft maintenance, crew information: IT is at the heart of all our activities.

Data protection constitutes a major economic and professional challenge for our business and our customers' trust.

We have set up Information Protection Plans (IPP) deployed in each division to ensure the appropriate sensitive data is protected. The IPP program is proactive, well-supported, and closely-managed. Each line manager, along with her or his team identifies the data "families" they wish to protect, then the staff choose the appropriate protective measures and acquire "cyber skill" on data protection.

Air France-KLM cyber protection is also structurally ensured through 3 other Cybersecurity programs:

- a Cybercrime Program to stay aligned with other major stakeholders in the transportation sector (airlines, airports, ATC), to cover the systemic aspect of cyber risks and be ready in case of major cyberattacks;
- a Digital Security Program to improve the user experience of cybersecurity in the digital transformation era;
- a Regulatory Compliance Program to enforce the latest regulations on Cybersecurity and Privacy.

These Cybersecurity Programs were presented to the Air France-KLM Group Executive Committee (GEC) in February 2017.



## SECURITY

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Group security procedures are in place to protect customers, employees and assets (aircraft, facilities and IT systems). These include 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 are subject to strict regulations and are carried out with a constant concern for the privacy of passengers and employees.

To ensure the highest level of protection for customers and employees in over 100 countries and 200 cities, our security departments constantly monitor international geopolitical developments. Designated teams are responsible for ensuring continuous flight operations and, where necessary, implementing additional security measures.

In 2016, following the terrorist attacks that took place in France, Europe, and worldwide, and in the context of a growing threat from terrorism throughout the world, safety and security measures at airports were further strengthened. This included improved monitoring of aircraft on the ground, maintenance, cargo, and catering, along with closer inspection and screening of staff, cargo and vehicles. At higher-risk destinations, additional measures have been applied for crew and ground staff.

# RISK MANAGEMENT

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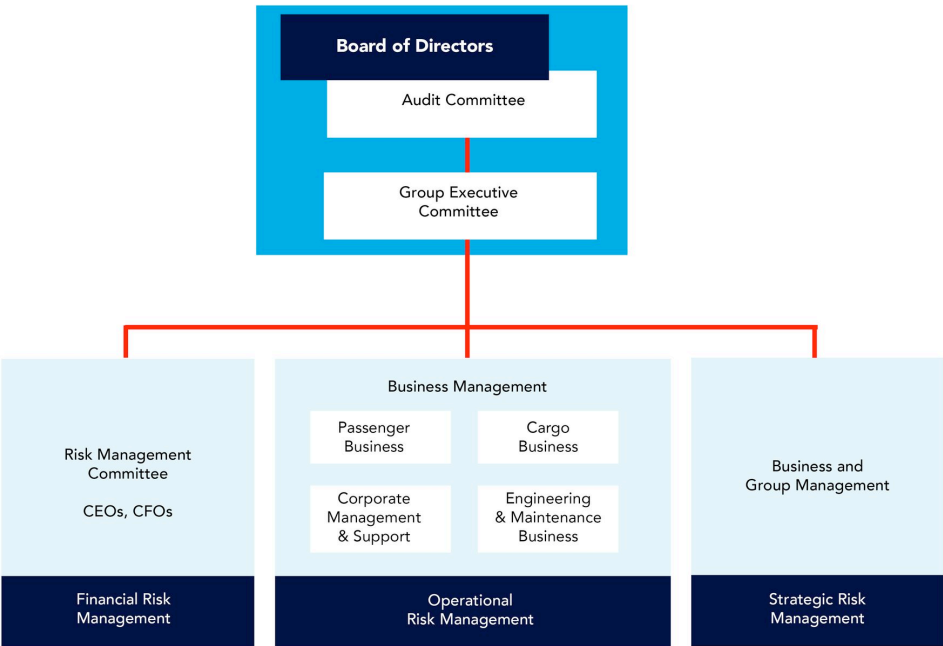
Being exposed to general risks associated with aviation business, Air France-KLM have implemented a system to identify, analyze, monitor, manage and control these risks.

## IDENTIFYING, ANALYSING AND MONITORING RISKS

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All relevant entities have established strategic risk mapping and operational risk mapping processes that are supervised by senior management and facilitated by Internal Audit and Internal Control. These risk maps are regularly updated and consolidated by Air France and KLM and for the Air France-KLM Group.

**Air France - KLM Risk Management System**



*Click to enlarge the image*

The risks in question are those specifically linked to air transport, such as the cyclical and seasonal nature of the business, operational flight risks, the risk of terrorist attacks, geopolitical instability, sanitation emergencies, or regulatory risks such as rules related to the treatment of passengers, environmental risks (including climate change impact), occupational risks or risks to IT systems. Other risks are linked to the airlines' activity, such as the impact of competition with other carriers, or the negotiation of collective agreements and industrial disputes. Market risks (fuel, currencies and interest rates) are managed by the Risk Management Committee.

On a quarterly basis, each Group updates the content of its operational risks by indicating the risk itself, the probability of its occurrence and its potential impact. These risks are discussed within the management teams taking ownership of the risks.

Both company-specific and more general risks potentially affecting the whole Group need to be duly reported. Members of the Air France-KLM's Executive Committee are responsible for reviewing the measures implemented to control each of the reported risks.

An overview of the most significant operational and financial risks is made and presented to the Air France-KLM Group Executive Committee and to the Audit Committee, together with the measures in place for their management.

The management also evaluates the strategic risks (competition, economic growth, etc.) on a yearly basis and establishes the related action plans. These risks and action plans are also reviewed by the Board of Directors.

Every year the Group discloses its risk management system in the Registration Document which integrates the "Report of the Chairman of the Board of Directors on corporate governance, internal control and risk management".

## INDEPENDENT MANAGING AND CONTROLLING

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In addition to this enterprise risk management system, Air France-KLM has set up internal control and audit departments. Internal control allows top and senior management to ensure that good governance principles, as they define them, are applied throughout the Group. It ensures the required reliability of the financial and accounting information, compliant with applicable laws and regulations.

Internal audits contribute to the improvement of the operational processes, and help in achieving objectives at Group level or specific objectives in the business.

## MANAGING ENVIRONMENTAL RISKS

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Environmental analysis is conducted in order to get an accurate picture of the environmental aspects of the Group's activities, products and services and their impact on the environment.

Activities and emergency situations that represent a significant risk to the environment are described and preventive measures and mitigating actions are identified and implemented. Emergency situation exercises are organized by the relevant divisions.

Environmental risk management also involves the inventory and analysis of any workplace incidents and malfunctions. All Air France and KLM operational divisions have implemented a reporting system to report operational, occupational and environmental safety incidents.

For further information on risk management: Registration Document 2016, [chapter 3](#).

# ETHICS

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**We strive to respect and support human rights, to combat corruption, and to oppose all forms of child and forced labor. Air France and KLM are signatories of the United Nations Global Compact initiative.**

## HUMAN RIGHTS AND CHILDREN'S RIGHTS

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We aim to protect our employees, customers, workers in our supply chain, and communities, by conforming to international standards on fundamental human rights, rights at work and children's rights.

We assess human rights risk factors within our businesses, covering areas including health and safety, equal opportunities, work-life balance and systems for the protection of personal data of customers and staff.



- The [Social Rights and Ethics Charter](#) affirms the Group's commitment to fostering a climate of trust and mutual respect in the workplace, a safe and healthy work environment and social dialogue. It applies to Air France, KLM and employees of all European subsidiaries.
- To ensure respect for human rights in the supply chain, suppliers are asked to sign a Sustainable Development Charter.
- In 2016, the Sustainable Development Charter for suppliers was supplemented with additional supplier guidelines.

The charters are based on the ten principles of the UN Global Compact and related international standards. These include:

- The Universal Declaration of Human Rights
- The UN Guiding Principles on Business and Human Rights
- Children's Rights and Business Principles
- The Core Conventions of the International Labor Organization (ILO)
- The OECD Guidelines for Multinational Enterprises

Particular attention is paid to Children's Rights. Since 2013, KLM has worked with UNICEF in the Netherlands on applying the Children's Rights and Business Principles (CRBP) in the organization. An assessment process is in place to verify if suppliers that have signed the Sustainable Development Charter actually adhere to the content of this charter. When needed such an assessment results in a request for an improvement plan.

## BUSINESS CONDUCT RULES

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As a framework for doing business ethically, the Group has several rules of conduct. Some of these rules apply to all staff members, while others are more specific:

- Codes of Ethics signed by the staff members of the Procurement and HR departments.
- Compliance rules regarding trading securities and Financial Code of Ethics adopted by the Board of Directors.
- KLM Code of Conduct concerning financial and business integrity, confidentiality, compliance and commitment to CSR.

An anti-corruption program has been introduced in order to raise employee awareness of the current international legislation and regulations governing business, ethics and compliance:

- Air France and KLM Anti-Corruption Manual: available to all employees in French and English. It has been distributed throughout the Air France Group subsidiaries.

Regulation of anti-competitive practices:

- Air France and KLM Competition Law Compliance Manual: available to all employees in French and English.
- Several other practical resources are available to employees, such as an e-learning training module on competition law offered to more than 8,000 employees within Air France and KLM, expert legal advice and specific training courses delivered by the legal staff.

Whistleblowing procedures:

- At Air France, the procedures enable staff members to signal serious matters that they may be aware of, such as liability, financial fraud or corruption, or non-compliance with competition laws. Moreover, the Anti-Harassment Charter includes provisions for flagging up and dealing with situations where employees are in difficulty.
- At KLM this procedure is broadly applicable, enabling staff to report any type of misconduct or suspected irregularity. The policy applies to all employees working for KLM and its subsidiaries in the Netherlands and abroad.

In 2016, Air France, KLM and Air France-KLM appointed Compliance Officers with the task of pursuing the implementation of the Compliance programs within the Group.

# PUBLIC POSITIONS

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**Air France-KLM is a member of international and national bodies that represent the air transport sector and advocate its public positions.**

We aim to provide government representatives with information necessary to understand the issues facing the airline industry, to drive the changes that we believe are crucial, and to advocate the effective implementation and application of national, European and international regulations to avoid any competitive disadvantage.

An Air France representative works directly with the French Parliament and Government, and complies with codes of conduct in force in both Chambers. Air France and KLM each have a Public Affairs Delegate declared in the Lobbyist Register in the French and Dutch parliaments. Both Air France and KLM have a representative registered in the Transparency Register of the European Union.

## COMPETITIVENESS OF EUROPEAN AVIATION

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Air France-KLM supports the European Commission's aviation strategy to ensure that the European aviation industry remains competitive. The Group welcomes the Commission's focus on the indispensable contribution of aviation to Europe's economy. The new European strategy is made up of three elements: identification of the challenges and opportunities of aviation, revision of regulation on aviation safety, and mandates to negotiate comprehensive air transport agreements between the EU and third countries, including Gulf States.

Air France-KLM regrets that the strategy proposed by the Commission at this point lacks more concrete initiatives and legislative proposals to improve the competitiveness of European airlines. Furthermore, Air France-KLM welcomes the initiative of the European Commission that has brought attention to practices implemented by some airlines, with the intention of exempting their aircrew from the usual application of social taxes and laws. The intended publication of guidelines to clarify applicable labour law is a positive first step.

## AIRLINES FOR EUROPE: A NEW AIRLINE ASSOCIATION

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Air France-KLM with EasyJet, International Airlines Group, Lufthansa Group and Ryanair, is a founding member of Airlines for Europe (A4E), the airline association launched in January 2016. The five groups have chosen to join forces with the aim of influencing European aviation policy and defending the interests of European airlines with the national and EU authorities, to enable them to effectively compete with the world's leading airlines.

One year after its launch, A4E gathers the 14 airline groups representing more than 25 European brands and 550 million passengers, accounting for nearly two-thirds of passenger journeys in Europe. A4E has started various policy campaigns in the interest of European travellers and presented two studies which highlighted huge hikes in airport charges and the damaging costs of ATC strikes on the European economy.

## A GLOBAL CARBON OFFSETTING SCHEME FROM 2020

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Air France KLM welcomes the successful outcome of the October 2016 ICAO Assembly, which is the first sectorial agreement to reduce emissions at a global level, allowing aviation to meet its climate obligations, whilst continuing to meet the increasing demand for mobility and economic growth around the world. This agreement designs a Global Market Based Mechanism (GMBM), named CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), which will aim to stabilize net CO<sub>2</sub> emissions from international aviation at 2020 levels and establish a roadmap for an effective implementation from 2021.

The Group supports the Commission's proposal, presented in February 2017, to maintain the EU Emissions Trading System (EU ETS) for intra-EEA flights as a transition to the global system over the 2017-2020 period, until there is sufficient clarity about the nature and content of the legal instruments adopted by ICAO for the implementation of CORSIA, so as to allow the Commission to carry out further assessments and review the EU ETS for the post-2020 period.

The Group expects CORSIA to be the only measure applicable to emissions from international flights within the European Economic Area as of 2021. A system of double charging in which airlines would be obligated to pay twice for the same emissions (CORSIA and EU ETS) would contradict the terms of the ICAO agreement and reduce the competitiveness of EU airlines. Furthermore, it would have limited environmental benefits as an important share of the traffic would not disappear but merely avoid the EU, causing emissions without any compensation.

In addition to the CORSIA agreement, clear commitment and action from all stakeholders is needed to implement all four pillars of the industry's united strategy which include technology, operations and infrastructure. Developing sustainable biofuels should be a part of that strategy.

## SUSTAINABLE BIOFUELS

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Sustainable biofuels are necessary to lower our environmental footprint. Air France-KLM provides support for research and contributes to the development of an international market for sustainable aviation biofuels that are environmentally friendly and have a positive impact on economic and social development. The Group actively participates in the European Advanced Biofuel Flightpath 2020 initiative, which is conducted in partnership with the European Commission, Airbus, IATA, other European airlines and European biofuel producers. Currently the Advanced Biofuel Flightpath is chaired by KLM.

The Dutch Government, KLM and other Dutch partners launched "BioPort Holland", a 7-year initiative to create the first real bio jet fuel hub in Europe. This initiative aims at working towards a continuous supply of sustainable biofuels through increasing demand, coherent regulations and incentives, involving all value chain stakeholders. It builds on the objectives of the Green Deal between the Dutch Government and KLM.

Air France has gathered several partners committed to the development of biofuels, with the ambition of mobilizing the French government in the adoption of innovative solutions that should foster the development of an economically viable production sector of sustainable aviation biofuel in France.

## CONSUMER RIGHTS

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Customer service, punctuality and service reliability are at the heart of the Group's business.

In this respect, Air France and KLM do their utmost to prevent any inconvenience to passengers. In the undesirable event that a disruption occurs, the Group does everything within its scope to limit the delay and hindrance for the passengers by providing care and assistance, information and, where possible, rerouting. Air France and KLM have the 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 the rules are proportionate to their objective and are applied equally to all airlines operating to and from the European Union.



# NON-FINANCIAL ASSESSMENTS

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Our CSR approach is recognized by the main international non-financial rating agencies. Each year we publish our social and environmental indicators.

## INTERNATIONAL STANDARDS

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### Certifications

At KLM, the Environmental Management System (EMS) has been ISO 14001 certified since 1999, for all air and ground operations in The Netherlands. This certification was renewed for a three-year period in 2015.

At Air France, the EMS has been ISO 14001 certified since 2008 for all operations with its own assets:

- air operations and inflight services
- ground operations, cargo, maintenance, commercial, information system activities in metropolitan France

This certification was renewed for a three-year period in 2014.



Air France is also certified for ISO 22000 (Food Hygiene) and OHSAS 18001 (Occupational Health and Safety) standards across all its activities.



### Reporting guidelines

Our CSR report follows the GRI4 (Global Reporting Initiative) guidelines, the Global Compact Advanced COP criteria and the French Grenelle II Act on CSR reporting.

We have published our social and environmental indicators since 2005. Pursuant to article 225 of the application decree of the French Grenelle II legislation of July 12, 2010, every year we present our social, societal and environmental data in the annual Group Management report. This information is reviewed by an independent third party.

For further information on:

- our social, societal and environmental policy in 2016
- our social and environmental indicators in 2016
- table of concordance, Grenelle II, GRI4 indicators, Global Compact Advanced Criteria
- assurance report by one of the statutory auditors appointed as an independent third party

Please refer to the Registration Document 2016.

## A RECOGNIZED COMMITMENT

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Air France-KLM is assessed annually by the major international non-financial rating agencies: RobecoSAM, Carbon Disclosure Project, Vigeo Eiris and Oekom Research.

In 2016, for the 12th year running, the Group has been included in the Dow Jones Sustainability Indexes (DJSI World and DJSI Europe) and is ranked as leading in the “Airlines” category by RobecoSAM. The Group thus ranks amongst the 59 most sustainable companies in the world, each in their own sector of activity.

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





# CORPORATE SOCIAL RESPONSIBILITY REPORT 2016

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## Environment

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

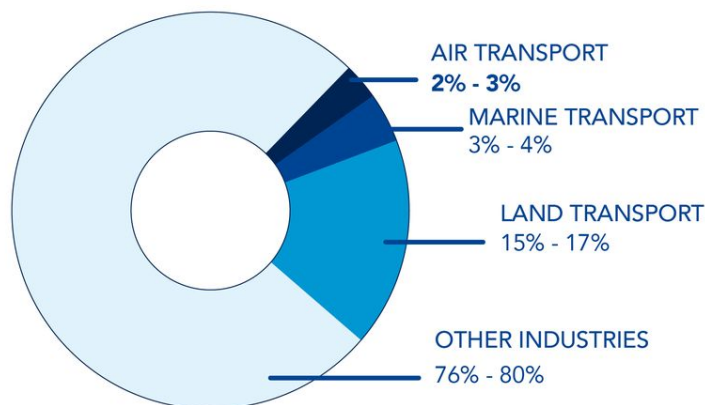
# CLIMATE CHANGE POLICY

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

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

SOURCE: GIEC, STERN REVIEW



[Click to enlarge the image](#)

## INDUSTRY COMMITMENT TO CO<sub>2</sub>-NEUTRAL GROWTH FROM 2020

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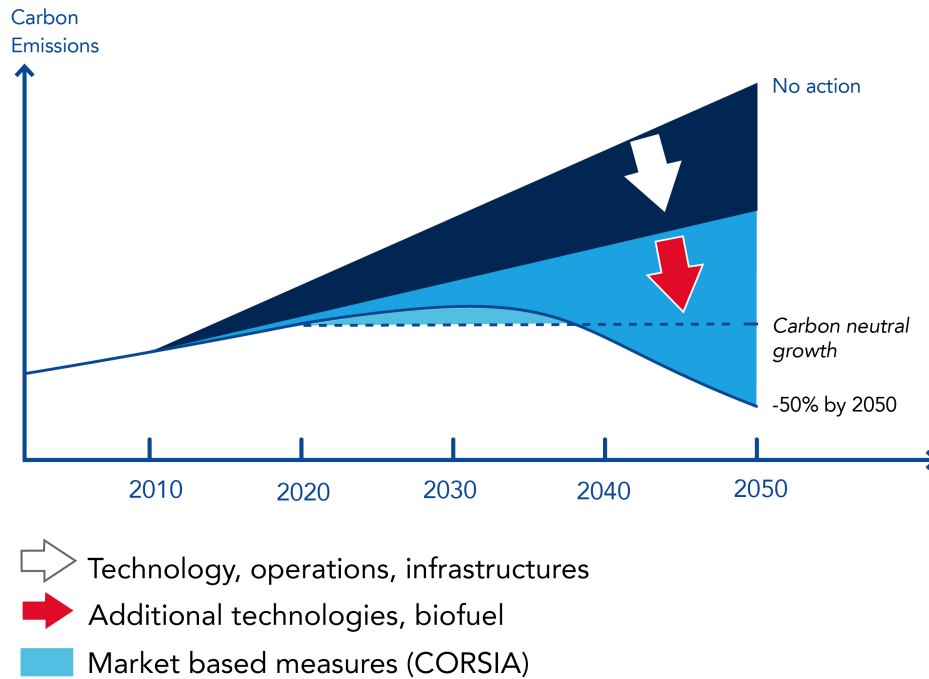
We support the sector's global commitment to make a fair contribution in the collective effort to reduce CO<sub>2</sub> emissions related to air transport. In 2009, the International Air Transport Association (IATA) set an ambitious worldwide commitment:

- 1.5% average annual fuel efficiency improvement until 2020
- carbon neutral growth from 2020 onwards
- a 50% reduction in net aviation CO<sub>2</sub> emissions by 2050, relative to 2005 levels

To achieve these targets, Air France-KLM will support the implementation of CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), beginning in 2021. CORSIA is the new global market-based mechanism (MBM) to offset CO<sub>2</sub> emissions from aviation and targeting carbon neutral growth relative to the

2020 baseline. Adopted at the ICAO Assembly in October 2016, CORSIA aims to supplement the basket of mitigation measures already deployed by the aviation industry to reduce CO<sub>2</sub> emissions, which also includes new technologies, better operational practices and improved infrastructure.

## MAPPING OUT THE INDUSTRY COMMITMENTS



## OUR CONTRIBUTION TO COMBATING CLIMATE CHANGE

Air France-KLM's Climate Action Plan embodies our strategy for further reducing our impact on climate change. The Plan is composed of six main mitigating priorities, on the basis of which we identified our targets and established our actions.

We contribute to SDG 13 and SDG 17.



### Our Climate Action Plan

- Pursuing fleet modernization and contributing to aeronautics research.
- Mobilizing all the Group's internal and external players around ambitious action plans enshrining eco-design principles.
- Stimulating the development of sustainable biofuels for aviation and research into renewables.
- Supporting NGO-led environmental programs.

- Providing customers with information on their travel-related CO<sub>2</sub> emissions and the opportunity to offset these.
- Supporting the implementation of the global climate agreement (CORSIA) in which the aviation sector would make a just and equitable contribution.

In the run-up to the COP 21 Conference in 2015, Air France-KLM reaffirmed its 2020 objectives and, together with Aéroports de Paris and the GIFAS association (Groupement des Industries Françaises Aéronautiques et Spatiales), two other major players in French air transport, signed a joint declaration, committing to reducing their greenhouse gas emissions, improving their energy consumption and developing biofuels.

To read the Declaration

## CLIMATE CHANGE ADAPTATION MEASURES

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In their 2014 report, the Intergovernmental Panel on Climate Change (IPCC) evaluated the impacts of climate change. These impacts, including precipitation changes, wind changes, and more extreme weather events, pose potential risks to flight operations.

Due to the Group's large network and diverse fleet composition, Air France and KLM are already accustomed to operating under different weather conditions and are relatively flexible in adapting flight schedules when necessary. Both airlines work together with airports to ensure safe operational and passenger handling conditions. When necessary, they deploy commercial measures to enable customers to defer their travel if they so wish, or change their destination.

Moreover, the Group regularly conducts comprehensive risk analyses to improve and optimize existing policies. Air France and KLM have developed special programs in which employees are trained to manage emergency situations.

# CARBON FOOTPRINT

We aim to minimize our impact on the environment, and have set the target to further reduce CO<sub>2</sub> emissions by 20% by 2020. To achieve this ambition, we focus on fleet renewal, operational efficiency, sustainable biofuels and carbon offsetting.

## OUR AMBITION 2020



AIR FRANCE AND KLM  
REDUCE CO<sub>2</sub> EMISSIONS BY 20%

compared to 2011  
including market-based measures  
(g. CO<sub>2</sub> / passenger / km)

## OUR RESULTS 2016



3.40 LITERS  
/ PASSENGER / 100 KM



85 G. CO<sub>2</sub>  
/ PASSENGER / KM

## COMPARED TO 2011



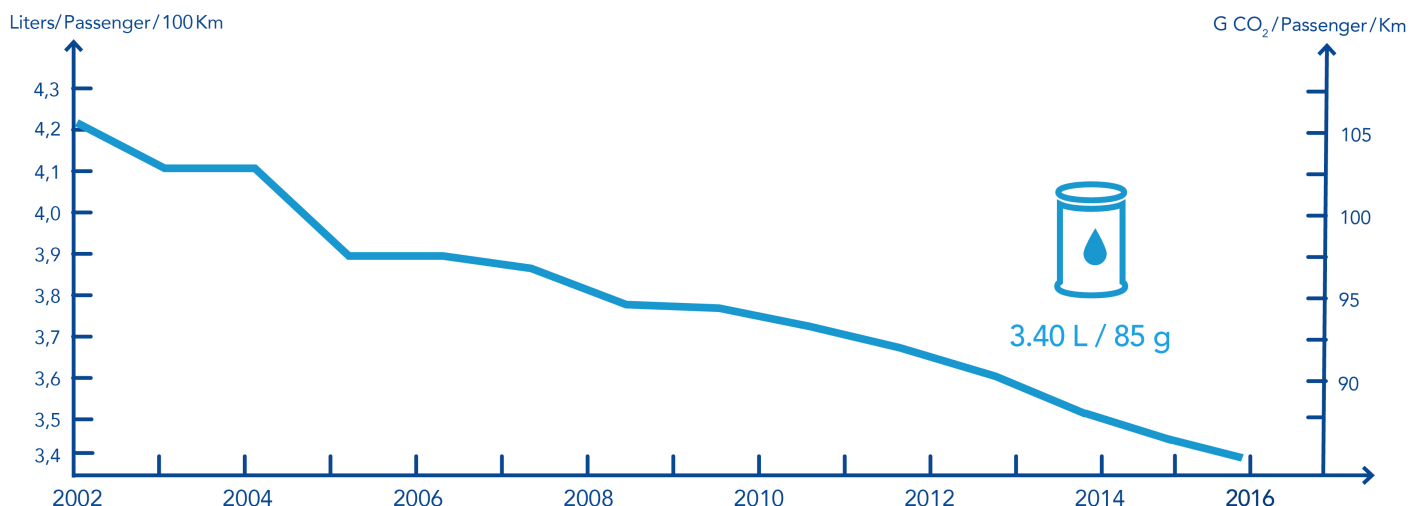
8.5% REDUCTION  
(OPERATIONAL IMPROVEMENT)



15.2% REDUCTION  
(INCLUDING MARKET-BASED MEASURES)

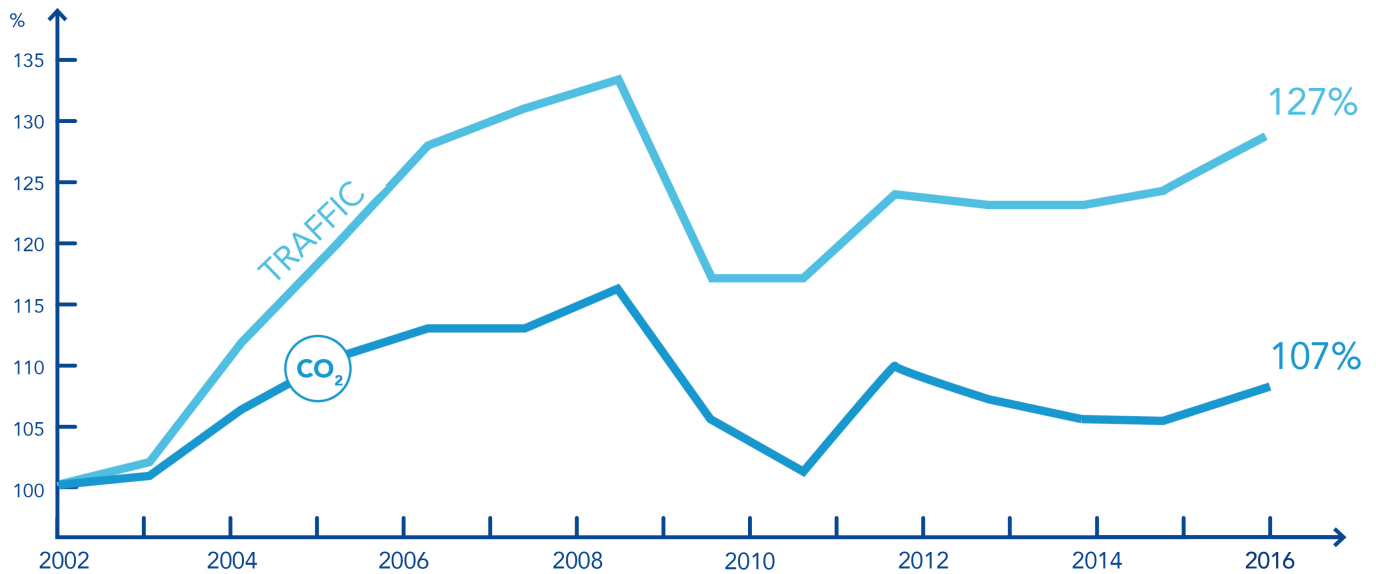
[Click to enlarge the image](#)

## GROUP SPECIFIC FUEL CONSUMPTION



[Click to enlarge the image](#)

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



Data Air France and KLM without subsidiaries

[Click to enlarge the image](#)

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



**0.2%**

GROUND  
OPERATIONS



**21.8%**

SHORT AND  
MEDIUM HAUL



**78%**

LONG HAUL

[Click to enlarge the image](#)

We contribute to SDG 13 and SDG 17.





## FLEET MODERNIZATION

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By investing in a modern, more energy- and fuel-efficient fleet, we are improving both our economic and environmental performance. In 2016, we pursued our fleet renewal and modernization strategy with the withdrawal of 40 aircraft (with an average age of 19.6 years) and the entry of 28 aircraft in our fleet (of which 26 new aircraft and two recent aircraft):

- Renewal of the long-haul fleet: 12 aircraft entering the fleet (five 777-300ERs and seven 787-9s) and the retirement of 11 aircraft (seven 747-400s, four A330/340s) .
- Both growth and renewal of the medium-haul fleet: twelve 737-800s entering the fleet and the retirement of six aircraft (two 737s, three A320s and one A321).
- Retirement of a large number of old aircraft from the regional fleet: eighteen aircraft retired (with an average age of 18.7 years) and the arrival of four new Embraer 175s.
- Retirement of the five remaining MD11 freighters from the cargo fleet.

An efficient long-haul fleet:

- We welcomed our 97th Boeing 777: we are the world's number two operator of this aircraft type.
- We modernized our fleet with the arrival of the B787: the arrival of the first Boeing 787-9 at Air France and a reinforcement of the KLM fleet of B787-9s which numbered eight aircraft at the end of 2016.



In 2017, we will pursue our fleet strategy:

- Four 787-9s and two renovated first-generation A320s in the form of A320 Sharklets at Air France
- Two 787-9s and two 777s at KLM
- Retirement of the Fokker 70s from the KLM Cityhopper fleet and their replacement with eight Embraer 175s
- Transavia's base fleet increase by nine aircraft, after growing by ten aircraft in 2016.

Over the longer term, the modernization of the Group's fleet will be reflected in the withdrawal of KLM's B747-400s and their replacement with B787s and the planned entry into revenue service of the first A350-900s at Air France, linked to the gradual withdrawal of the older A340.



For more information on Air France-KLM's fleet, see Registration Document 2016, chapter 2.8.



## Our fleet

Aircraft in operation: 534

Average age: 10.7 years (11 years in 2015)

	AIR FRANCE GROUP			KLM GROUP		
	Average age (years)	Aircraft types	Number of aircrafts	Average age (years)	Aircraft types	Number of aircraft
Short and medium-haul	12.4	A318, A319, A320, A321	117	10.3	737-700 /-800/-900	48
Long-haul	11.8	A380, A330-200 A340-300 777-200/-300	103	11.3	A330-200/-300 777-200/-300 747-400, 787-9	65
Cargo	7.9	777F	2	16.7	747-400ERF/BCF	4
Regional fleet AF : HOP KLM : Cityhopper	11.7	ATR, Embraer, Bombardier	87	8.8	F70, EMB175, EMB190	45
Rest of the fleet Transavia France Transavia NL	5.5	737-800	26	9.0	737-700/-800	37

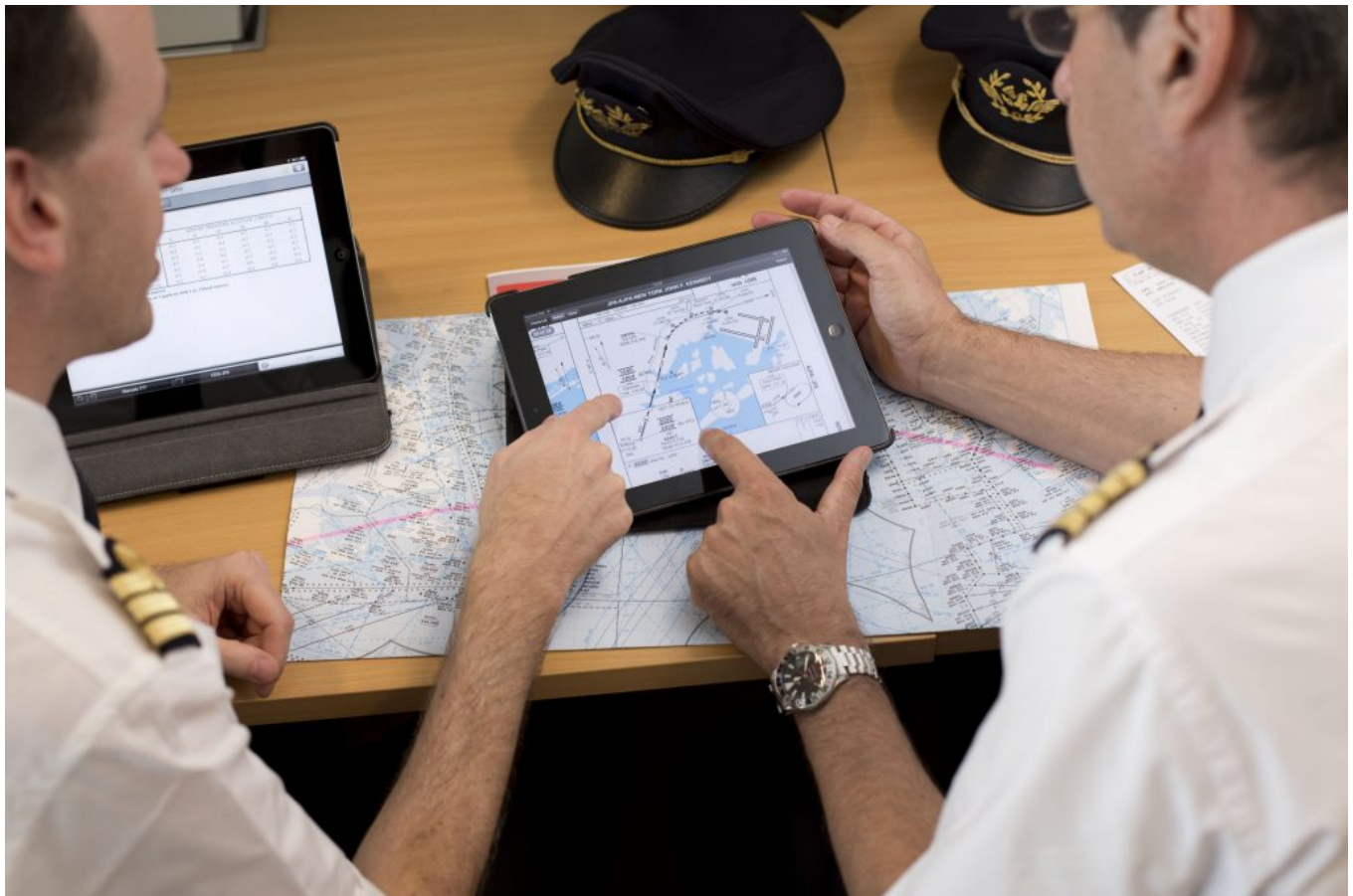
*Click to enlarge the image*



### Reducing weight carried on board

The lighter an aircraft is, the less fuel it consumes. Some examples:

- Thirty-nine 777 cabins were refurbished in the “Best” version at Air France in 2016. Economy class seats were made 24% lighter (from 21 kg to 16 kg). In 2016, Air France’s A319 and A320 medium-haul fleet was fitted with new, lighter seats: in total, 7,800 seats have been installed. The total reduction in CO<sub>2</sub> emissions amounts to 1,400 tons for the A319 fleet and 2,300 tons for the A320 fleet per year. The A321 will be refitted in 2017.
- In 2016, the Air France Flight Efficiency department stepped up its communication with pilots regarding a reduction of the amount of fuel loaded on board aircraft at the initiative of crews. On the long-haul A330 and A340 aircraft, the loading of drinking water has been optimized.
- KLM Inflight’s efforts to reduce the weight of inflight products enabled a CO<sub>2</sub> reduction of around 10,000 tons in 2016.
- After the renewal program at KLM’s Boeing 777 fleet, eight Boeing 777-300s have a new interior for World business class and economy class: more than 3,200 seats were renewed in 2016. Each aircraft contains 2,400 kilograms less weight.
- Air France, KLM and KLM Cityhopper have been digitizing onboard paperwork for cabin and cockpit crew. KLM Cityhopper was the first European airline to have digitized all of its onboard documentation.



Thanks to the Electronic Flight Bag (EFB), on-board paper documentation has been removed from Air France’s Airbus fleet (A320, A330, A340), which makes for over 500,000 “paperless” flights per year: this has resulted in a paper saving of over 20 million sheets of paper per year and a 25 kg reduction on every flight, amounting to a saving of 1,800 tons of CO<sub>2</sub>. The EFB 777 project is in the process of deployment. The Electronic Flight Bags also have software applications designed to calculate operational performance on board and as close as possible to flight conditions.



### **Optimizing the use of airspace**

Improvements in fuel efficiency are made through the optimization of routes and flight paths, the reduction of aircraft waiting times and optimized altitudes.

Air Traffic Control (ATC)'s impact on Air France Group's fuel consumption has been estimated at 6% or around 70,000 tons per year. In 2016, Air France worked with the Italian ATC to operate more direct routes between France and Italy, thus achieving fuel savings.

Route optimization resulted in a CO<sub>2</sub> reduction of approximately 5,000 tons for KLM in 2016.

### **Eco-flying**

Pilots are trained to apply the most fuel-efficient procedures possible: flight plan precision, speed adjustments and optimized procedures, taxiing with one engine, and using electric aircraft Ground Power Units.

- Air France is taking part in the implementation of continuous descent on flights to several destinations in Germany, Switzerland and Austria. With the implementation of the RLATSM project (reduction of aircraft lateral separation distances) in North Atlantic airspace, speed and altitude are optimized for flights between Paris-CDG and North America.
- In 2016, KLM implemented new route optimizations and other fuel policies, which saved circa 7,000 tons of CO<sub>2</sub> emissions throughout the year.

## MANDATORY OFFSETTING OBLIGATIONS

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The Air France-KLM Group has been bound to the European Emissions Trading System (EU ETS) since 2012.

Until the end of 2016, the scope of the EU ETS was limited to the intra-European flights (the so-called “stop the clock” provision) with an aim to secure that the aviation emissions within Europe do not exceed the ETS cap (95% of the average 2005 emission levels).

In 2016, Air France, KLM, Transavia, HOP! and KLM Cityhopper purchased emission allowances equivalent to 2,746,851 tons of CO<sub>2</sub>. Out of this, we estimate that just 2,137,309 tons will contribute to actually reducing emissions beyond the ETS threshold. Of the remainder, 15% was used in additional bidding as part of the EU’s ETS system and 3% was allocated to a reserve.

Therefore, if we take into account these economic measures above the ETS cap, in addition to the operational improvement measures of 8.5%, our total efficiency improved by 15.2% in 2016 (g/passenger/km) compared to 2011, working towards our 20% target for 2020.

As not all emission allowances are used in a way to comply with the collective cap, the environmental integrity of EU ETS could therefore be considered limited, as it does not lower our carbon footprint in the most cost-effective way.

## VOLUNTARY OFFSETTING

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We offer a CO<sub>2</sub> offsetting service for our customers on a voluntary basis.

Air France and KLM provide CO<sub>2</sub> emission calculators on their websites, which can determine CO<sub>2</sub> emissions of a passenger based on the distance flown and the fuel-efficiency data of an aircraft. These emissions can then be offset via certified sustainable carbon reduction credits.

Air France works with the GoodPlanet Foundation’s Solidarity Action Carbon Program for the financing of carbon offsetting projects aimed at promoting renewables to replace non-renewable energies in Peru, Bolivia and India, and implementing waste recycling projects in Madagascar.

KLM’s CO2ZERO program invests in Gold Standard projects, such as Cookstove Programs in Mali and Ghana.



The number of passengers taking part in the CO<sub>2</sub>zero program is small, but growing. In 2016, on top of our operational improvements and mandatory offsetting, KLM reached almost 235,000 tons of total CO<sub>2</sub> savings by voluntary offsetting, since the start of the program in 2008.



We contribute to SDG 3.



## OUR FUEL SAVINGS PLANS

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**Air France, HOP!, Transavia and KLM identify and implement all possible fuel saving measures, subject to strict rules for flight safety.**



Thanks to the commitment of Air France pilots, eco-piloting flight procedures have been applied at Air France since 2013. These include departure taxiing using just one engine for medium-haul aircraft. Other initiatives that help to reduce fuel consumption trialed by pilots in 2015 were taken on:

- The descent pattern for medium-haul aircraft has been changed, enabling fuel savings during the descent.
- On long-haul Airbus aircraft, fuel consumption related to cooling baggage holds for transporting refrigerated cargo has been optimized.
- The rollout of the Optima project has led to the optimization of flight plans, and so has enabled fuel savings on all flights.

In 2016, a new eco-piloting initiative was adopted on the Airbus 330 and 340 fleet: using reduced wing-flap settings during takeoff. Finally, the storage of drinking water on Airbus 330 and 340 aircraft was optimized in relation to the duration of the flight and the number of passengers, as was already the case on Airbus 380 and Boeing 777 aircraft. This resulted in further savings of 375 tons of fuel per year.



KLM's Fuel Plan aims to reduce fuel use through various projects, focusing on: fuel policies, fuel standards, accurate planning information, route optimization, and weight reduction. A total of 17,000 tons of CO<sub>2</sub> were saved by KLM in 2016 through this Fuel Savings Plan. The largest fuel saving project consisted of implementing various route improvements in China. Other fuel saving projects include reducing the weight of onboard products, such as cargo and cockpit paperwork, spare magazines, galley equipment and carrying less liquid stock.



HOP!'s KéroZen fuel management plan, which is a part of HOP!'s carbon footprint, aims to reduce their environmental impact and the associated expenses. Five areas for progress have been identified, from flight paths planned directly with air traffic control, to flight procedures which enable fuel reduction without compromising on safety.



The SkyBreath tool which has been in use at Transavia from 2013 enables very precise monitoring of the application of good practices of fuel saving for each flight. Five main measures, including the single engine taxiing-in or the continuous descent approach, have resulted in savings of close to 48.2 kg of fuel per flight, which is approximately 1,700 tons of fuel and 5,300 tons of CO<sub>2</sub> in 2016.



# CARBURANTS ALTERNATIFS DURABLES

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**Air France and KLM have shown that flying on biofuel can be done both safely and sustainably. Using biofuel on a large scale can mean up to 80% less CO<sub>2</sub> emissions, compared to conventional fuel.**

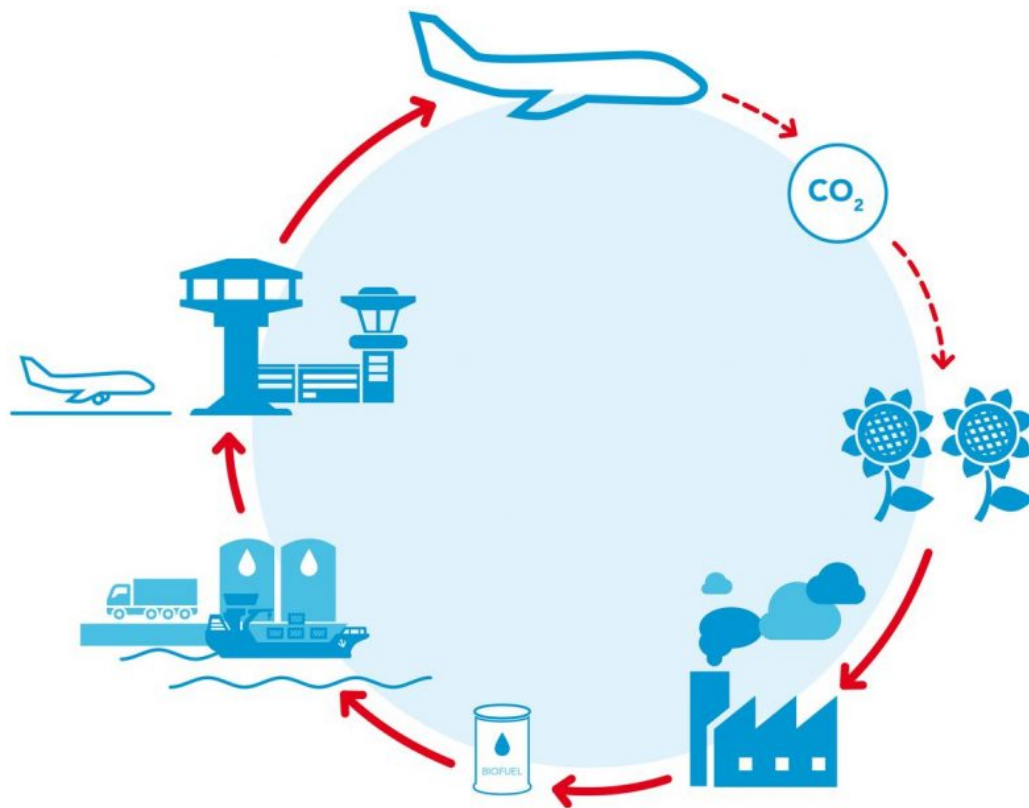
The ambition is to stimulate the biofuel market, whilst taking strict environmental, social and economic criteria into account. Air France and KLM will continue to support partnerships with both corporate clients and suppliers, airports and logistic partners to increase supply volumes for bio-jet fuel.

## **400 biofuel flights in 2016**

24 Air France flights Nice-Paris and 3 flights Toulouse-Paris

83 KLM Cityhopper Embraer flights Oslo-Amsterdam

300+ KLM flights Los Angeles-Amsterdam



We contribute to SDG 7 and SDG 17.



## SECURING STRICT SUSTAINABILITY CRITERIA

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The use of different types of renewable feedstock is encouraged, provided they meet stringent sustainability criteria. These include 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.

To ensure sustainability of the feedstock, Air France and KLM joined the Roundtable on Sustainable Biomaterials (RSB) in 2008 as one of the founding members of the Sustainable Aviation Fuel Users Group (SAFUG):

- More than 30 major airlines have come together to align sustainability policies for biofuels.
- The RSB standard is included in the European Commission's Regulation (RED) and was recognized by, amongst others, WWF, IUCN, and NRDC as best in its class.

KLM uses SkyNRG's independent Sustainability Board, which includes WWF, Solidaridad, and the Energy Academy Europe, as an advisory platform for sustainability issues pertaining to the supply of biofuel.



We support regulatory incentives stimulating the biofuel market.

- KLM collaborates with the Dutch Government, Neste Oil, Port of Rotterdam, SkyNRG and Schiphol Airport to scale up the production of sustainable jet fuels in the Netherlands in the joint initiative BioPort Holland. The Dutch government is committed to incentivize the biofuel market. The Ministry of Infrastructure and Environment and one of the bigger Dutch banks ABN AMRO have joined the KLM Corporate BioFuel Program to increase the demand of sustainable biofuels.
- On the initiative of Air France's Sustainable Development division, the government has carried out an inter-ministerial study on biofuels for aviation in France. The main conclusions of the study are: the importance of implementing a worldwide market-based system based on compensation measures with biofuels counted as "carbon credits" at international level, the importance of continuing research and of sustainable development projects, such as the Air France Lab'line for the Future.

We contribute and support research on sustainable biofuels.

- We support the European Commission Biofuel FlightPath 2020.
- KLM completed the RenJET project together with its partners in 2016. The RenJET project had the intention to accelerate the development of sustainable biofuel supply chains in Europe. Some of the activities executed by the project included assessing the existing state of play in feedstock and technology pathways and the determining of the minimal cost. Next to that, building blocks are developed to evaluate potential regional supply chains in an efficient and effective manner and improve awareness and knowledge of biofuels with policy makers and general public. This successful project will be succeeded by a follow-up project which builds on the lessons learned and tools developed by RenJET. This follow-up project should initiate the construction of various supply chains in Europe.
- Air France is a member of CORAC council and participates in the Ini-FCA (Future Alternative Fuels Initiative) led by the French Civil Aviation Authority, which is working towards the production of 200,000 tons of biofuel in France by 2020.
- KLM participates in the EU-funded Biorefly project which focuses on the development of a biofuel production plant which converts lignin cake into sustainable jet fuel. This feedstock technology combination is not yet ASTM-certified, however, project partners have the intention to initiate the first steps towards ASTM certification provided that all the technological hurdles are cleared.

## BIOFUEL FLIGHTS

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KLM sourced new sustainable biofuels in 2016, for its flight series from Oslo and Los Angeles. Designated production facilities in Europe and United States started bio jet fuel production in the first quarter of 2016.

- KLM launched a series of 83 biofuel Embraer flights from Oslo to Amsterdam together with the EU ITAKA program. The ITAKA biofuel blend has been produced by Neste from the oilseed plant Camelina, grown in semi-arid regions of Spain and developed as part of an EU-funded project.
- For the period of three years (until the end of 2018), KLM operates all its flights from Los Angeles to Amsterdam partly with sustainable biofuel (up to 500 flights per year). This biofuel blend is made from used cooking oil, and produced by California-based AltAir Fuels, at its retrofitted refinery. This is the first bio-refinery worldwide that produces sustainable aviation fuels on commercial scale.
- Both series are enabled by KLM Corporate BioFuel Program (CBP). Together with the CBP-partners, KLM is pioneering the market for sustainable biofuels since 2011.

# KLM Pioneer in biofuel



In 2015, Air France launched Lab'line for the Future, with a weekly flight operated with biofuel between Toulouse and Paris-Orly throughout the year. The operation was completed with 3 additional flights in January 2016.





In May 2016, to extend the Lab'line operation, Air France operated 24 biofuel-powered flights between Nice and Paris, during the Cannes Film Festival:

- Flights were fuelled with farnesane (10% blend of biofuel). This biofuel, whose production facility has been certified by the RSB, is made from sugarcane and is produced by Total-Amyris.
- Each flight enabled a 5% savings of CO<sub>2</sub> emissions compared to a flight operated with conventional fuel (730 kg of CO<sub>2</sub> avoided per flight).
- Thanks to the support of 13 partners involved in the project, in the peak of its operational activities, this initiative showed full viability of the logistic supply chain.
- Passengers were informed about the initiative before and during the flight by on-board announcements and by an appropriate communication at check-in.
- The project proved to be of a unifying nature as it mobilized both the flight crew and the ground staff of the stopovers at Nice and at Orly.





**AIRFRANCE**



- The program was awarded with the “Energie Climat 06” trophy, presented by the French department of the Alpes-Maritimes, for its ability to unify different regional partners in their efforts directed towards the reduction of the carbon footprint.



In 2016, Air France published a [white paper](#) that catalogues the results of the Lab'line for the Future program in the field of biofuel. Main conclusions:

- The testing carried out on the motors showed that the use of biofuel has no technical impact, thus bringing into consideration other possible innovative experiments.
- The smoothness of the logistical operations of transport and refueling of biofuel, carried out directly at the foot of the aircraft, perfectly integrated in the operational proceedings of ground handling.
- Customer buy-in, as measured by a study involving 6,500 passengers, confirms the interest aroused by a regular airline's usage of alternative fuels.
- The mobilization of public authorities is the key factor in enabling further action in the development of a strong aviation biofuel sector.

In 2016, at the IATA Alternative Fuel Symposium, Air France shared the results of these programs and associated research in order to show that the conditions for setting up biofuel production chains have been met, and in particular the acceptance by the passengers.

# NOISE

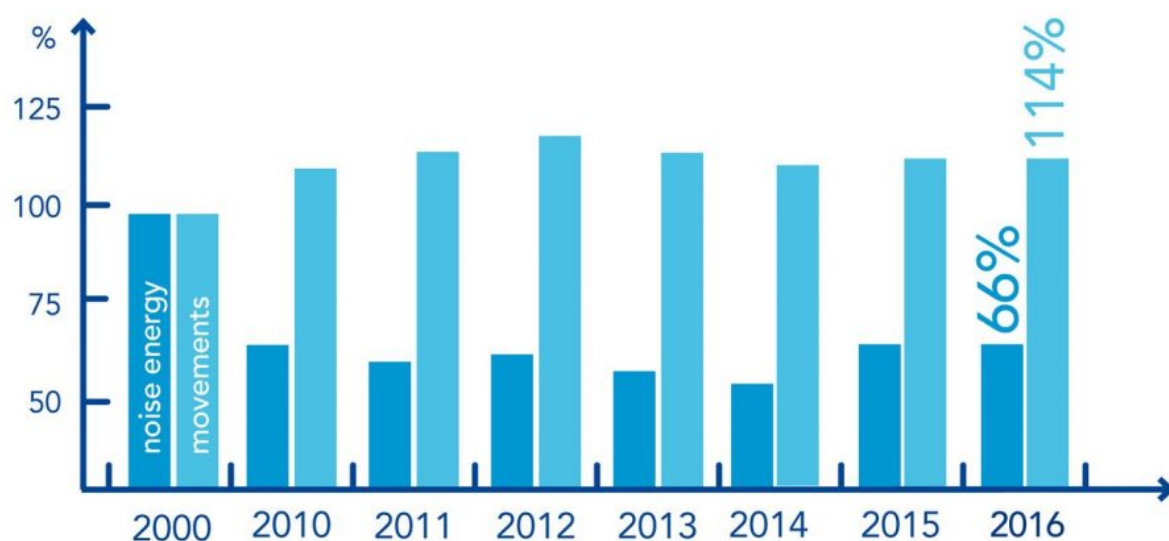
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Noise is one of the main themes of Air France-KLM's environmental policy. We strive to reduce our impact by taking the necessary measures in dialogue with our local communities.

While accommodating the increasing customer demand for mobility, one challenge for the aviation industry is to maintain noise hindrance at an acceptable level for those living near airports.

**34%: noise reduction compared to 2000 despite a 14% increase in movements of the Group.**

## AIR FRANCE KLM GLOBAL NOISE ENERGY INDICATOR



## REDUCING NOISE AT SOURCE

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Fleet modernization and procedural improvements are the two pillars of our noise abatement strategy.





### Fleet Renewal

All our aircraft meet the criteria established by the ICAO Chapter 4 Noise standard, the most demanding norm covering the acoustic quality of civil aircraft.



- In 2016, Air France significantly reduced its noise footprint by withdrawing its last three Boeing 747s from operational service.
- In addition, Air France phased in its first B787-9 at the end of 2016.
- The introduction of KLM's Boeing 787-9 reduced the operational noise footprint by approximately 60% compared to similarly sized aircraft.
- Boeing 787's noise footprint has been reduced to the point that at each takeoff, the exposure to noise in the surrounding airport area is lower than 85 dB(A) (comparable to the noise of a truck passing).

## NOISE MAPS PER AIRCRAFT

YEAR OF ENTRY INTO SERVICE	AIRCRAFT WEIGHT	TAKE-OFF NOISE FOOTPRINT (85 DB)	
2016	787-900 253 tons		3.3 km <sup>2</sup>
2008	Airbus 380 510 tons		4 km <sup>2</sup>
1993	A340-300 271 tons		5.7 km <sup>2</sup>
1978	Boeing 747-400 366 tons		7.4 km <sup>2</sup>

*Click to enlarge the image*

### Noise abatement procedures

We are working to improve departure and approach procedures, along with the French and Dutch civil aviation authorities, who are assessing the environmental benefits of the procedures.

KLM implemented the new Noise Abatement Departure Procedure 2, which significantly reduces noise pollution and emissions in areas close by as well as further away from the airport. With respect to the local noise regulations at Schiphol Airport, all reduction targets for 2020 have already been achieved due to KLM's active strategy on fleet renewal and operational measures. The number of exposed households above 58 dB(A) during day time has been reduced by 55% over the past 15 years, despite a 46% increase in KLM movements at Schiphol Airport.

## DIALOGUE WITH RESIDENTS, AN OPPORTUNITY TO SHARE THE FRAMEWORK FOR SUSTAINABLE DEVELOPMENT

Air France and KLM are engaged in an ongoing dialogue at a local level to strengthen their relationships with stakeholders.

For example: local residents' associations at Paris-CDG identified a specific issue with noise coming from the A320 in the approach phase. As soon as a technical solution was available, although there was no regulation requiring this, Air France decided to fit it on all the aircraft in its medium-haul fleet (A318, A319, A320, A321).

In 2016, Air France mobilized means and people to complete the equipping of its whole short and medium haul fleet (115 aircraft) with air flow deflector noise-reduction kits. A number of residents' associations have already reported the positive impacts achieved by this measure: reduction in overall noise energy, faster emergence from noise as the aircraft passes over, disappearance of the characteristic whistling sound.

## DIALOGUE WITH RESIDENTS, AN OPPORTUNITY TO MITIGATE NOISE

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Air France and KLM meet with the representatives of local communities, airport authorities and air traffic control to identify measures and solutions to reduce noise hindrance that could affect people living near airports.

In the Netherlands, KLM participates in the Alders Table, which addresses issues surrounding noise. The Alders Agreement identified a hindrance reduction target of 5% relating to the number of severely annoyed people in the airport vicinity in 2020. KLM is proud to announce that this target is achieved well above the set goal, with a 20% margin. This achievement can be attributed to the fleet renewal and the variety of noise reduction measures taken by KLM. For the region around Schiphol, KLM is a member of the Schiphol Regional Consultative Committee (CROS) that was succeeded in 2015 by the regional council called Omgevingsraad Schiphol (ORS).

In France, Air France fosters a dialogue with and partakes in the advisory committees on environment and residential care, such as CCE (Commission Consultative de l'Environnement) and CCAR (Commission Consultative d'Aide aux Riverains) at all the airports in France where it operates.

In 2016, Air France continued to be actively involved in a "Night Flights" working group, overseen by the prefect of the region for Paris-Charles de Gaulle. This working group noted the positive improvements achieved by Air France through:

- the voluntary withdrawal of Air France's Boeing 747s, the noisiest aircraft in our fleet. The early withdrawal of these aircraft involved more than 2,000 procedures, which constitutes 0.5% of the annual commercial actions at Paris-CDG. Their replacement by a more efficient type of aircraft resulted in a decrease at Paris-CDG, of over 1 point in value of the global pressure-intensity index of the measurement, an indicator representing sound power.

The phase in of the first Air France Boeing 787.

- improvement in punctuality of the flights scheduled for late at night or early in the morning in the scope of the Air France company-wide D0 (D Zero) punctuality project.

The monitoring of the flights scheduled for late at night or early in the morning at Paris-CDG, whatever the operating airline, is the subject of a specific review by the “Night Flights” working group monitoring procedure. They came up with a proposal of testing new night-time continuous descent procedures, where Air France could be the pilot airline.

French and Dutch government policies include the exposure to aircraft noise in their urban planning considerations and provide financial help for soundproofing homes.

- In 2016, the Air France Group’s contribution (Air France, Transavia and HOP! Air France) to the French Tax on Air Transport Noise Pollution (TNSA) paid to the French government amounted to €17.6 million.
- Around Schiphol, all the noise control measures have been implemented. Over the past two decades, KLM has contributed to the major portion of the total €754 million of noise taxes, devoted to soundproofing and compensation for loss of value in properties around Schiphol airport.

# AIR QUALITY

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**As a result of gaseous and particulate emissions from movements, ground operations and maintenance activities, aviation has an impact on air quality in airport surrounding areas.**

At our airports, the majority of gases are emitted by aircraft movements (taxiing, takeoff and landing). The remainder is produced by ground activities, logistics and road access to the airport for passengers, employees and suppliers.

We reduce the local emissions of our activities in four ways:

- By investing in a young fleet of aircraft, that is more energy and fuel efficient
- By improving operational ground procedures
- Through environmental-friendly ground handling of equipment and vehicles
- By introducing eco-mobility solutions for employees.

We contribute to SDG 13.



## MEASURING EMISSIONS ON THE GROUND AND AT LOW ALTITUDE

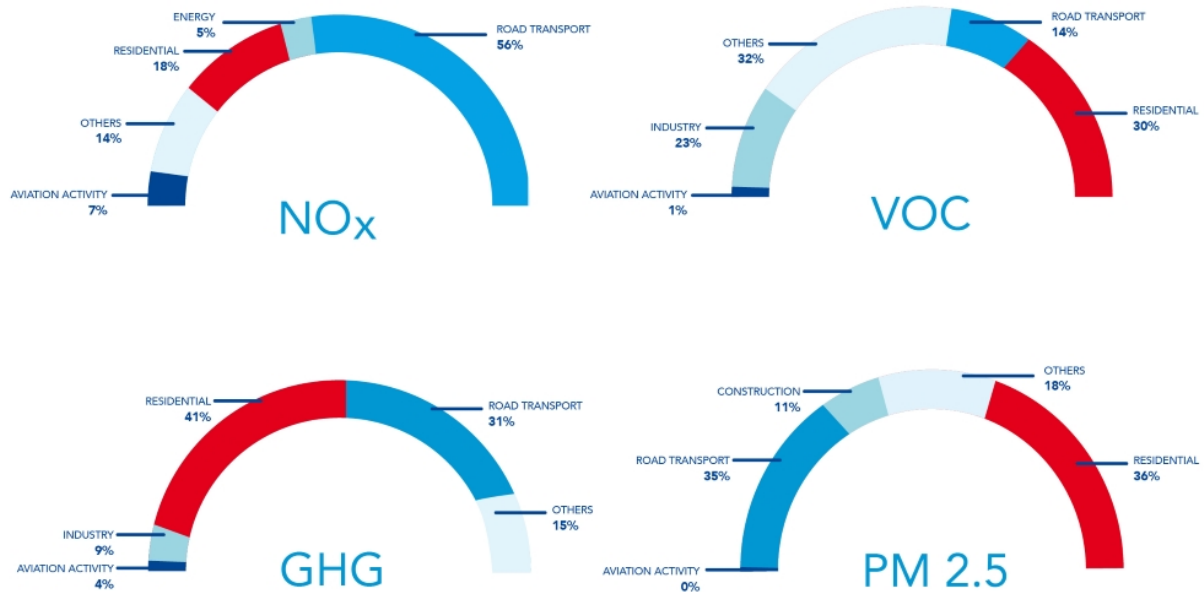
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Air quality is measured at Amsterdam Schiphol, Paris Airports and in other airport areas:

- The SURVOL project ensures environmental monitoring (of air and noise) conducted in the airport surrounding areas of Ile-de-France within the framework of the Regional Health and Environment Plan. The monitoring of air quality at three major airports is carried out by the organization Airparif, with the following objectives:
  - keeping the residents informed
  - building a database of pollutant levels for future health studies
  - evaluating the impact of airport activities on air quality.
- According to Schiphol Airport, the yearly measurements on particulate matter (PM) indicated that in spite of increased traffic, local air quality has remained stable.

## BREAKDOWN OF EMISSIONS PER SECTOR IN PARIS REGION AREA

Source : Airparif 2015



*Click to enlarge the image*

## OPERATIONAL PROCEDURES

At Paris-CDG and Schiphol Airport, we aim to lower aircraft emissions of NO<sub>x</sub> and CO<sub>2</sub> by optimizing our ground operation procedures such as taxiing time and single-engine taxiing.

- 40% of the medium-haul Air France fleet use single-engine taxi procedure, and the A380s use only two out of the four engines.

Rather than using kerosene-powered Auxiliary Power Units (APUs), we use:

- Fixed Electrical Power Units (FPUs) where possible, to power aircraft
- Pre-Conditioned Air (PCA) units that maintain an acceptable temperature on board the aircraft
- Ground Power Units (GPUs), as well as an increasing number of aircraft towing trucks, equipped with automatic power-shutdown systems.

At Air France, Maintenance, Ground Operations and Flight Operations divisions are actively involved in reducing the use of APUs: implemented in 2015, this initiative has brought an 11% decrease in fuel used by APUs compared to 2014.

At KLM, 70% of the PCA units are electric. Towing aircraft using external power (not using APU) resulted in a saving of ca. 1,800 tons of CO<sub>2</sub> emissions in 2016 at Schiphol. The old diesel-fueled units, which used environmentally unfriendly coolants, have been replaced with more efficient units which have less of an impact on the environment.

## CLEANER VEHICLES AND EQUIPMENT

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We prioritize electric vehicles for airport ground transportation.

Almost 50% of Ground Support Equipment (GSE) used at Paris-CDG and Schiphol Airport are electric. To reduce emissions in the immediate environment of aircraft handling areas, Air France and KLM aim to further increase the percentage of electric GSE equipment in the coming years.



## ECOMOBILITY SOLUTIONS FOR EMPLOYEES

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Air France participates in air protection plan in the Paris area, through its employee business travel plan. The plan aims to reduce pollutant emissions linked to commuting between home and work by promoting public transport, making temporary offices available, encouraging remote working for positions that allow this, and creating a car pooling website. Of the 39,200 employees concerned, 82% travel to work by car. This issue is important both in terms of environment and in terms of health and safety at work.

The action plan is built around four key areas:

- Promoting public transport and providing on-demand transport
- Training and awareness
- Workplace flexibility, for example, working from home regularly or on occasion
- Communication, in particular during Mobility week

In order to improve the organization, the quality of daily life at work, and the prevention of risks, Air France gives its employees, those meeting eligibility requirements, the possibility of telecommuting once a week. This working model also has significant environmental benefits. Thanks to it the number of remote workers has doubled in one year:

- 1,694 Air France employees were registered as remote workers (alternating and temporary remote workers) in 2016.
- These fewer journeys to/from work, representing more than 3.7 million kilometers or 93 times the Earth's circumference per year, enabled a saving of 900 tons of CO<sub>2</sub> equivalent.

In order to take effective joint action on responsible transport, Air France has partnered with Paris-CDG and Paris-Orly airports in inter-company travel plans and serves as a founding member of the R'PRO'Mobilité organization for inter-company travel plans at Paris-CDG airport.



- In 2016, R'PRO'Mobilité organized an Ecodéfi, a fun challenge with the aim of raising awareness of the employees at Paris CDG airport about sustainable mobility and encouraging them to adopt more environmentally-friendly modes of commuting to work: 1,261 employees, out of which 813 employees of Air France, participated in the first edition of this challenge, with 7,780 routes reported.

- A new carpooling site is currently being set up.



KLM promotes the use of public transport by providing free access to transport around Schiphol and KLM's offices to its employees.

# WASTE AND CIRCULAR ECONOMY

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Our business produces a variety of waste: from the sheet of paper used in an office, to aircraft engine parts, staff uniforms and the cups our passengers use onboard. We aim to minimize waste and to recycle and reprocess whenever possible throughout the supply chain.

## OUR AMBITION 2020



**AIR FRANCE**  
**100% OF NON-HAZARDOUS WASTE**  
**60% OF HAZARDOUS WASTE**  
**RECYCLED AND RECOVERED**



**KLM**  
**20% LESS WASTE BY WASTE PREVENTION**  
**AND BY INCREASING RECYCLING THROUGH SEPARATE**  
**WASTE COLLECTION (COMPARED TO 2012)**

## OUR RESULTS 2016



**AIR FRANCE**  
**92% OF NON-HAZARDOUS WASTE**  
**56% OF HAZARDOUS WASTE**  
**RECYCLED AND RECOVERED**



**KLM**  
**28% OF NON-HAZARDOUS WASTE**  
**RECYCLED AND 72% RECOVERED**  
**90% OF HAZARDOUS WASTE RECOVERED**

*Click to enlarge the image*



## BREAKDOWN OF RECOVERED NON-HAZARDOUS WASTE AT AIR FRANCE-KLM



*Click to enlarge the image*

### WORKING TOGETHER TO ACHIEVE A KEY GOAL

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As a transport provider, we can be a catalyst in the value chain by procuring more sustainable and circularly produced goods. Everyone can recycle, produce less waste and adopt good practices.

At the heart of this commitment are the “Four Rs” of the circular economy: Rethink, Reduce, Reuse and Recycle. Our ambition is to take sustainability into consideration at every phase of the lifecycle of our various products and services. This begins with design, and goes on to cover every other process along the way.

We handle a variety of different types of waste, particularly waste originating from flight and maintenance activities, both of which are subject to strict regulations. Two thirds of our non hazardous waste result from catering and onboard service: these regulations have a big impact on our waste footprint.

Reducing waste also provides a financial opportunity: several initiatives have demonstrated considerable economic benefits. We work closely with our suppliers and other parties to contribute towards the use of sustainable materials and resources throughout the value chain.

## PREVENT FOOD WASTE

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We handle food waste coming from flight operations with respect to a permanent commitment to guaranteeing food safety and security, within a context of strict regulation. The regulations vary depending on the station and are often very restrictive, like the European regulation requiring the incineration of any elements having been in contact with food for international flights.

Two main levers enable a reduction in food waste: the adjustment of the catering supplies on our flights and a strict policy of merchandise inventory management.

- We regularly re-evaluate the number of required meals on aircraft, based on statistics, historical load factors, and passenger habits. This re-evaluation enables a reduction in waste and in production and transportation costs, as well as in the actual on-board mass. This reduction contributes to the mitigation of CO<sub>2</sub> emissions.
- To regularly renew the in-flight service offer, we propose a number of products to passengers for a limited period. At the end of this period some products, like wines, are served in the airport lounges, while others, like sweet and savory biscuits, may be donated to charitable organizations.
- Lastly, some products which are not distributed to passengers during the flight, with the potential for conservation, like biscuits and snacks, sugar, salt, bottled water and soft drinks, are recovered and reinserted in the flow of meal trays prepared for the following flights. In this case, cost saving is combined with waste minimization.

## REDUCE AND RECYCLE OTHER INFLIGHT WASTE

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To reduce the overall impact of waste, we prevent waste by redesigning and by correctly separating waste, as well as by implementing recycling initiatives. For example, a significant proportion of reusable obsolete equipment, like trays, drawers, blankets and trolleys, is recycled.

- At Air France, items designed with an eco-design approach, which take the entire life cycle of products into account, are favored. Four families of materials are recycled: plastic, metal, textiles and paper. Plastics are mostly reused in the production of new materials such as Air France's drawers and serving trays.

- At KLM, on all the European flights, on-board waste is sorted and trolleys have been adapted to collect cups. Cans, glasses, aluminum lids and PET plastic bottles are also sorted and recycled.

- Suppliers also play a key role in reducing waste. For example, they can reduce the amount of packaging. Less packaging means less weight on board and less CO<sub>2</sub>. At KLM, the redesign of cardboard packaging for sandwiches led to a 50,000 kg reduction in the use of cardboard.
- KLM Catering Services runs programs to continuously improve its waste management: reduction in waste, increase in the recycled portion and identification of the appropriate reprocessing facilities.
- To avoid the destruction of products and promote reuse, Air France signed a framework agreement with the association *Agence du Don en Nature* (ADN). By donating new, re-modeled and recycled products like crockery and blankets, we support the work of ADN which collects and redistributes new non-food everyday products to combat exclusion in France. A similar operation was realized in 2016 with *La Mie de Pain*, an association supporting homeless people, to which we donated 51,800 blanket kits.

## REUSE AND RECYCLE AERONAUTICAL WASTE

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We have programs for aircraft maintenance waste. Where possible the principle of cradle-to-cradle is applied to bring waste back into a new production cycle with the goal of streamlining and controlling all technical waste flows. The process includes procedures to reuse and recover spare parts.

- At Air France, the ongoing move up-market for the medium and long-haul cabins with the installation of new seats has been accompanied by the implementation of a recycling and dismantling process for the old seats ranging from the reuse and recycling of components to the recovery of foams and metals: one campaign has resulted in a recovery of 622 business armchairs and 3,935 economy armchairs which were sold to third-party companies and put back into use as well as 7,281 components of business armchairs and 38,316 components of economy armchairs.



- 100 tonnes of aircraft parts and metal were recycled in 2016 through the KLM's ScrapPlaza program. Every year, KLM Engineering & Maintenance evaluates the flows of waste that can potentially be reused or recycled. Since 2015, the program has focused on plastic waste and on the conditions for recycling the plastic components of aircraft cabins. KLM has opened a plastics repair workshop where



aircraft components, that would previously have been systematically replaced, are repaired and recycled.

- Hazardous waste from maintenance activities is subjected to a comprehensive tracing system and its management is harmonized in different maintenance sites. This approach is also reflected in the optimized management of suppliers and costs, and the search for more relevant solutions in the light of regulatory changes.
- In the implementation of new measures of waste sorting, Air France-KLM Cargo entered in a partnership with one of its suppliers, Véolia, securing a win-win agreement and sharing the productivity gains. Waste sorting and repurposing solutions have been found for each identified substance (wood, cardboard, paper, ferrous metals, plastic, and, in the near future, bio-waste). The installation of specially designed waste sorting devices and a clear signage have helped to raise the repurposing rate. The sorted recoverable materials amount to a mass of 400 tons, half of the annual waste tonnage. They are further channeled to mainly local recycling facilities.

## REDUCE AND PREVENT OFFICE WASTE

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We aim to reduce and prevent the waste generated by our on-ground non-industrial activities:

- We have implemented Follow Print on all workstations. Using Follow Print, print jobs are printed only on request of the user at the printer, with an identification code and a confirmation of the printing tasks. Through the implementation of this system and the optimization of the number of users per printer, print quantity was reduced at Air France by 8% in 2016 compared to 2015 (including a 11% reduction of color printing) resulting in a savings of more than 8,3 million sheets of paper.
- At KLM's Ground Services division, manuals are no longer available in hard copy, but are instead provided digitally. This gives us the opportunity to constantly update the information provided and has resulted in savings of over 375,000 sheets of paper annually. Crew briefings (40,000 per year) are now available digitally as well.



- In the restructuring of the workspace at its headquarters, Air France chose to assign the work of treating used and surplus office furniture to partners who contribute to a creation of solidarity economy and promote professional integration. The removal of the furniture is carried out by Groupe Ares, which assists people who face employment obstacles (500 people are assisted yearly, with 65% securing a job or an apprenticeship). The furniture is further handled by an eco-friendly organization Valdelia, ending in several possible destinations:
  - The furniture that is in good condition is entrusted to partners in social and solidarity economy or humanitarian projects invested in early childhood and education.
  - The furniture that is in bad condition is energetically repurposed or recycled.

## PROMOTE THE PRINCIPLES OF THE CIRCULAR ECONOMY

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We are working on initiatives to up-cycle waste for new uses, like, for example, the collection and recycling of used uniforms:

- In March 2016, Air France organized another collection of uniforms and working clothes in partnership with a company in the sector. In total, more than 8 tons of clothing were collected and recycled in a facility specialized in waste processing, then transformed into cement granules.
- Air France is reconditioning certain items under a range of non-aeronautical products, marked in company colors. For example, old life vests have been used to make purses; these are available to buy onboard Air France flights. A new product range, made from seat fabric and old seatbelts, will be available in 2017.



- KLM sorts 19 types of waste, with paper, wood and glass being its main residual forms. Among other types of waste, some generate smaller volumes, but represent a higher financial value. For example, progress has been made on the reprocessing and recycling of aircraft components, polystyrene packaging and carpets.



- Since 2013, used KLM uniforms and old business class carpeting are recycled into fibers used to manufacture the carpets for the new World Business Class. All used carpets are recycled in collaboration with a carpet manufacturer Desso, as part of the Take Back™ program.



We work in partnership with the players in the aeronautics industry to promote circular economy and identify potential sources of recycling and reprocessing facilities:

- In 2016, Air France continued to contribute to studying opportunities to develop circular economy initiatives in the catchment area around Paris-CDG airport. As a member of the aviation industry's Strategic Committee on circular economy, Air France Industries has contributed to the industry's roadmap, which was presented to the French government.
- At Air France Industries' Engines, Equipment and Services department, the Reverse project means that used equipment has new five possible destinations: re-use, dismantling and re-certification, being sold as it is, reconditioning as a non-aeronautical product, treatment as waste. We aim to make circular economy and the optimization of environmental and economic performance of waste reprocessing an integral part of our business.

In 2016, Air France was one of the 33 companies volunteering in the contribution to circular economy with 100 commitments (*Trajectories Economie circulaire – 33 entreprises se mobilisent avec 100 engagements*), organized by AFEF (French Association of Large Companies).



Air France supported the *Circul'R Economy World Tour*, a travelling project covering 22 countries, to discover more about the 100 initiatives oriented towards circular economy and the promotion of best practices.

We contribute to SDG 12.



# ENERGY AND WATER

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We aim to reduce energy consumption, improve energy efficiency and increase the use of sustainable energy for our buildings, offices and warehouses.

## OUR AMBITION 2020



**AIR FRANCE AND KLM**  
**20% ENERGY EFFICIENCY IMPROVEMENT**  
**COMPARED TO 2011**

## OUR RESULTS 2016



**AIR FRANCE**  
**21% ENERGY EFFICIENCY IMPROVEMENT**  
**COMPARED TO 2011 (KWH/M<sup>2</sup>)**



**KLM**  
**14.2% ENERGY EFFICIENCY**  
**IMPROVEMENT COMPARED TO 2011**

We contribute to SDG 7.



## ENERGY CONSUMPTION AND EFFICIENCY

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In addition to the 2020 target, Air France reached a target set for 2016 corresponding to a 2% reduction in electricity consumption (in kWh/m<sup>2</sup>), notably thanks to the upgrading of equipment and the inclusion of this target in supplier contracts.



- Air France has sub-contracted the maintenance and operation of the industrial premises of its facilities, as well as its aeronautics maintenance and cargo hangars, and tertiary buildings. Amongst other things, the contracts foresee incentives for the improvement of energy efficiency.
- Initiatives have been launched at all Air France sites, like, for example, at Valbonne in southern France, where the bulk of the IT servers are located. The implementation of new energy-efficient equipment has enabled the data center to reduce its annual electricity consumption by 2%. Within the framework of this renovation, Air France also installed a heat exchanger enabling the heat generated by the air conditioning system to be reused to heat the tertiary buildings, meeting 100% of these buildings' heating requirements. This project results in an annual savings in gas costs estimated at €50,000 and 340 tons fewer CO<sub>2</sub> emissions.
- After a successful experiment at the Air France G1XL cargo station at Roissy-CDG, a pilot site for the installation of low-energy lighting, all 1,500 lights in the building were replaced by the latest generation of LED lights. This replacement generates a savings of 80% (in energy and maintenance costs), results in 285 less tons of CO<sub>2</sub> per year, and improves the quality of lighting and visual comfort. This project has been implemented in partnership with the supplier. Other cargo facilities and maintenance hangars are potential candidate sites for another initiative of this kind.



The KLM Energy Efficiency Plan 2013-2016 targeting at a 2% energy efficiency improvement per year, resulted in 3% energy saving in 2016 compared to 2015.



## RENEWABLE ENERGY SOLUTIONS

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We invest in sustainable energy for our ground facilities.

Hélios, Air France Industries' new designated aerostructures facility at Paris-CDG opened in September 2015. The facility provides maintenance services for new aircraft, such as the Boeing 787 and the A350.

From the outset, the building was designed to respect the principles of low environmental impact construction, to ensure the comfort, health and safety of the people who will use it and to effectively manage energy use:

- Lighting: the building is lit using high performance lighting. Innovative multi-layer ETFE cushions draw a maximum amount of natural light into the building.
- Air quality: natural floor covering and labeled washable paints that preserve indoor air quality.
- Renewable energy: thermal solar panels on the roof provide hot water.
- Relationship between the building and its environment: terraced planted roofs and green spaces.

Since 2002, KLM has been operating heat pumps with aquifers. Aquifers are underground water-bearing reservoirs in which thermal energy can be stored. Currently, KLM uses heat pumps with aquifers, which generate renewable energy to heat and cool 5 buildings. The amount of sustainable energy generated by these heat pumps in 2016 was an equivalent of 562 MWh electricity, and 68,600 m<sup>3</sup> of natural gas.

In order to reduce its overall energy consumption, Air France Industries KLM Engineering & Maintenance has implemented solar panels on hangar roofs wherever technically possible, as they require minimum roof surface and pitch. Architectural plans for all of our new buildings will of course be drawn up taking into account the possibility of implementing such solar panels.

## SAVING WATER

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In our continuous effort to reduce water consumption through better management of our processes, teams are made more accountable and environmental criteria is factored into the design and realization of our tools and work stations. The activity that uses the most water is maintenance for the washing of aircraft and engines.

Reducing water consumption requires innovation:

- Air France Industries and KLM Engineering & Maintenance (AFI KLM E&M) use the “EcoShine” method to clean the exterior of aircraft. By using pads, this process requires 80 times less water than the previous system: 150 liters to clean a Boeing 777, rather than 12,000 liters previously. This has resulted in water savings of 8 million liters per year, reducing the need to treat wastewater. Another advantage of this method is that it reduces the risk of accidents at work.

- AFI KLM E&M has developed an innovative, environmentally-sound system to increase engine on-wing performance and lifespan. Engine water wash can be carried out during a maintenance check in the hangar or at the platform. The system optimizes engine performance, leading to lower fuel consumption (0.5 to 1%) and reduced CO<sub>2</sub> emissions. The engine water wash is operated according to environmental principles: the water used during the process is recovered for recycling.

Catering activities are also water consuming.

- The main Air France catering supplier, Servair, has implemented several measures to better control water consumption in order to preserve water resources. These include regular monitoring and incorporation of water efficiency plans in its workshop processes. Servair is also committed to reducing water pollution by adjusting the concentration of detergent used in washing machines and for cleaning buildings, and by implementing recycling systems for edible oils. In addition, major investments have been made in advanced wastewater pre-treatment facilities.
- KLM Catering Services have reduced the amount of water used for dishwashing through a series of preventive measures including the installation of water meters and the elimination of the least water-efficient machines.



# RESEARCH AND INNOVATION

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**We support research and innovation to better understand the environmental impacts of our businesses and to act on this effectively.**

We contribute to SDG 9 and SDG 17.



## PROGRESS ON CLIMATE CHANGE, NOISE AND AIR QUALITY

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We are a member of ACARE (Advisory Council for Aviation Research and Innovation in Europe), which aims to advise the European Commission on many aviation topics, such as:

- Research and innovation in e.g. biofuel, aircraft design, passenger perceptions at airports, and European certification processes for aircraft components and systems
- Policy and regulatory framework development
- Competitiveness of European airlines, including environmental performance.

Key focus areas covered by ACARE are built around 5 main challenges: seamless mobility for passengers and goods, competitiveness of European industry, environment, energy and safety. As for environment and energy, the scope ranges from biofuel developments to noise mitigating measures and from aircraft fuel efficiency to ATM improvements.

KLM Chief Operating officer is the vice Chairman of the ACARE Board and KLM is also a member of the ACARE NL steering board, chaired by the Dutch Ministry of Economic Affairs and including members from other ministries, the aeronautic industry, universities, the Netherlands Aerospace Centre NLR and Schiphol Airport.

Air France is a member of the steering committee of CORAC, the French ACARE national council.

CORAC brings together all stakeholders in French aeronautics research to develop the aircraft of 2050. To move from basic research to the development of a prototype, research areas range from airframe and engines to energy systems.



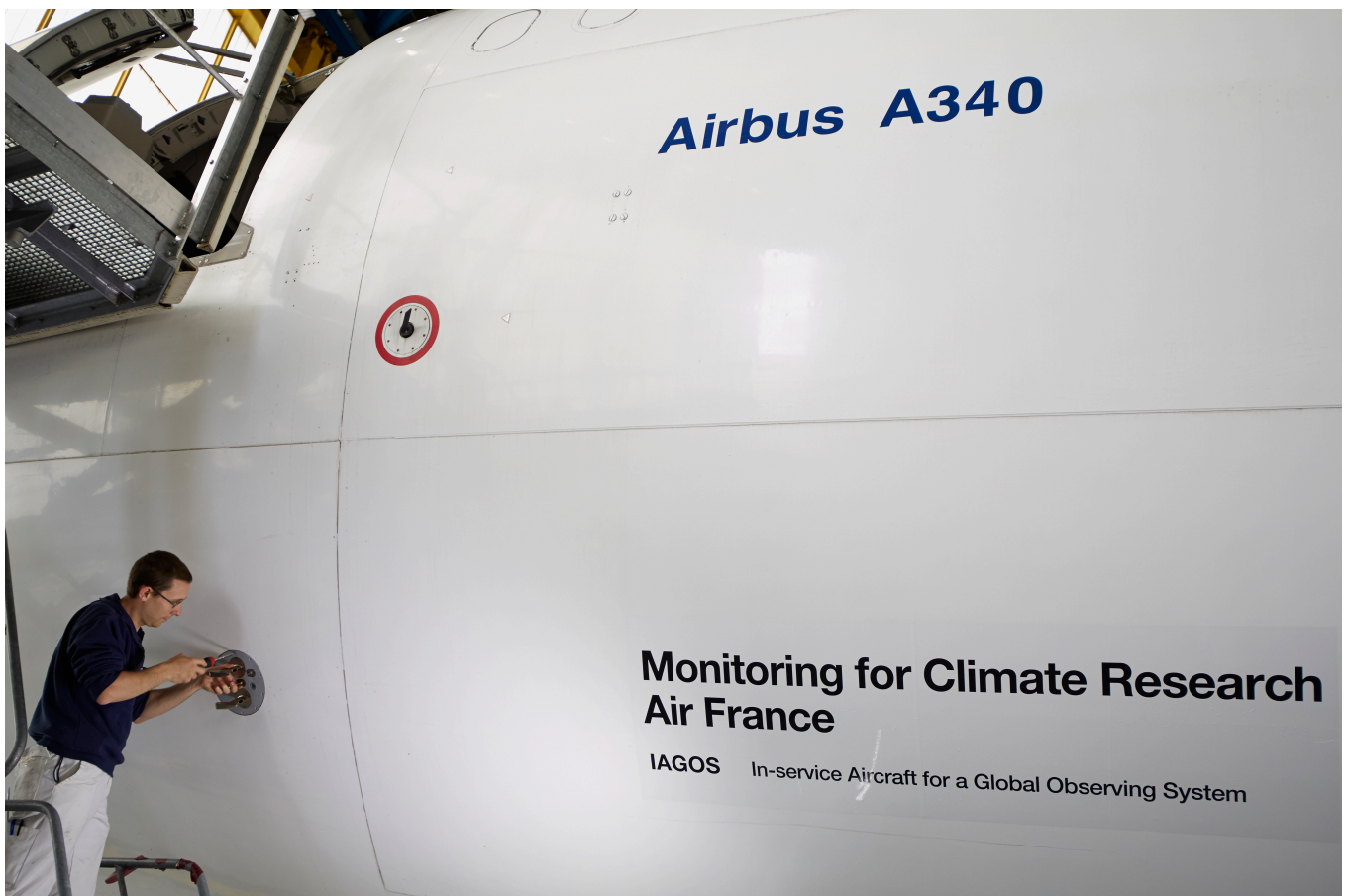
## CLIMATE RESEARCH

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Since 2013, Air France has participated in the European IAGOS project (In-service Aircraft for a Global Observing System) by carrying atmospheric measuring equipment on board an Airbus A340.

IAGOS is a European Research Infrastructure, linked with CNRS (Centre National de la Recherche Scientifique), conducting long-term observations of atmospheric composition, aerosol and cloud particles on a global scale from commercial aircraft of internationally operating airlines. The data collected 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.

In 2016 Air France strengthened its partnership with CNRS by authorizing the equipping of a second A330 aircraft scheduled for 2017. This decision enables the expansion of the atmospheric monitoring system and the coverage of the geographical network on which the measurements are done.



## LEADING THE INDUSTRY, TODAY AND TOMORROW

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Through the expertise of our staff, we contribute to new programs, procedures and solutions which will become the industry-wide standard in the future.

### **The weather wizards**

Air France has brought innovation in the in-flight weather risks management and has become the world's first airline to offer a weather analysis solution via a connected iPad.

Thanks to the eWAS (Enhanced Weather Awareness System) application, the Group's pilots will henceforth be able to stay informed, with outstanding accuracy, and as close to flight departure as possible, of the weather risks they may have to deal with during their flight. The new computer interface, jointly developed by



Air France-KLM and GTD, a Spanish company specialized in high-tech solutions, provides dynamic, interactive displays of highly innovative forecasting models. Its deployment to all Air France pilots was scheduled for completion in the early part of 2017, following the requisite phases of validation, training, and regulatory approval.

### **Corn to strip airplanes**

Since the end of 2015, Air France, together with Ecostrippair, has been testing a new method of stripping aeronautical parts by spraying them with high-pressure cornstarch. This method is suitable for both metal parts and composite materials. The innovation comes from the use of cornstarch coupled with an optical image processing system in real time. By evaluating the thickness of the paint, the system makes uniform stripping possible.

Intended to replace, from 2018, the ongoing manual stripping with its irregularities and dust generation, this innovative process is more environmentally-friendly and more efficient.

Ecostrippair, with a budget of roughly €1.4 million – is supported by a consortium under the European Horizon 2020 program. On board: the Sigma Clermont engineering school, developing the head, the University of Zurich, developing the robot arms and the French SME Sappi in Vaulx-en-Velin, specialized in sandblasting, where the method is being tested.

### **A connected Cargo... thanks to students!**

In 2016 Air France Cargo teamed up with a student hackathon focusing on connected devices. Around one hundred students from French business school HEC and other schools had to create a prototype in response to a specific problem. At Air France Cargo, the idea was to reduce the number of lost or mislaid packages with the help of connected devices.

The students' proposal won the jury's special prize!

This type of initiative gives Air France the opportunity to contribute to the students' educational program and to jointly study the different ways of transforming the company by using digital technology.

# BIODIVERSITY

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**Air transport affects biodiversity indirectly through CO<sub>2</sub> emissions, as well as through impact related to inflight food production. We strive to protect biodiversity through our catering policy that focuses on responsible products and by supporting nature preservation programs.**

## SUSTAINABLE CATERING

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We serve a total of 85 million meals and snacks per year. Given the amount of products needed to produce these meals, our choices regarding catering products can significantly impact biodiversity.

For its catering procurement, in partnership with its supplier Servair, Air France prioritizes local, seasonal products that are also sustainable, and particularly products sourced from organic agriculture or of certifiable, protected origin (AOP/AOC). For example, children's meal trays include several organic products and a jar of organic baby food is served on Baby Meal trays.

KLM strives to increase the percentage of responsible catering products, starting with flights from Amsterdam: at least 15 responsible catering products are introduced on board each year. This means selecting products that are produced responsibly, come with less packaging, have a smaller energy footprint, and respect animal welfare. The focus is on preservation of biodiversity by paying particular attention to fish, palm oil and soy.

Sourcing certified foods is challenging in certain areas of the world. However, success was achieved with MSC-certified fish on flights from Singapore and MSC-certified fish on flights from Ecuador. KLM is also a member of the Roundtable on Responsible Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO).

Through these channels, KLM aims to stimulate the supply chain to develop sustainable catering products.

In order to further develop a responsible catering policy, in 2015, KLM and WWF-NL co-operated in a supply chain risk assessment of products for which sustainability labeling is not available yet. The assessment took into account biodiversity and social risks as well as the impact of GHG emissions, water and land use.

We contribute to SGD 12.



## THE FOREST CONSERVATION PROJECT IN MADAGASCAR

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Supported by Air France since 2008 and co-funded by the French Development Agency (AFD) and the French Global Environment Facility (FFEM) since 2014, the project has contributed to the development of local communities while protecting the biodiversity of the island.

The second phase of the project (2014-2017) aims to strengthen conservation activities, expand and improve the propagation of sustainable alternatives to deforestation, and validate the reduction of deforestation resulting from the project under the REDD+ international label.







## HOP! BIODIVERSITY

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With vegetation covering about 60 to 70% of their surface area, airports are not the bare concrete industrial structures people usually imagine. Moreover, they can play a role in the preservation of the most threatened natural habitat of Eastern Europe: grasslands.

For HOP! Air France, finding out what lives (i.e. the biodiversity) in these grounds is a responsible way of building awareness within the company and among its partners, of respecting the environment, identifying best practices and promoting conservation measures, while respecting the safety procedures of the industry.

The project HOP! Biodiversity was launched under the guidance of an independent scientific committee (Muséum national d'histoire naturelle, CNRS, Conservatoires) with habitat and species evaluation carried



out by scientists together with airport staff and citizen volunteers under the guidance of science protocols (primarily the Vigie Nature Program).

Four years after the launch of the program, HOP! Biodiversity – which became an association in June 2015 – has undergone a fast exponential growth in terms of surface area covered, which has doubled with each year.

- HOP! Biodiversity gathers two airlines, 13 airports and the French civil aviation authority (DGAC), who have integrated this project into their sustainable development policy.
- The project is recognized by the French Ministry of Environment, as a part of the National Strategy for Biodiversity (SNB).

This is a project of both industrial and environmental importance, unique in France and in the world in the field of aeronautics.

[www.hopbiodiversite.com](http://www.hopbiodiversite.com)





# CORPORATE SOCIAL RESPONSIBILITY REPORT 2016

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## Customer Experience

We incorporate our CSR commitments into the customer experience by offering high quality products and services. Together with our suppliers and partners, we aim to take sustainability into account to create memorable experiences for our customers.

# DIALOGUE WITH CUSTOMERS

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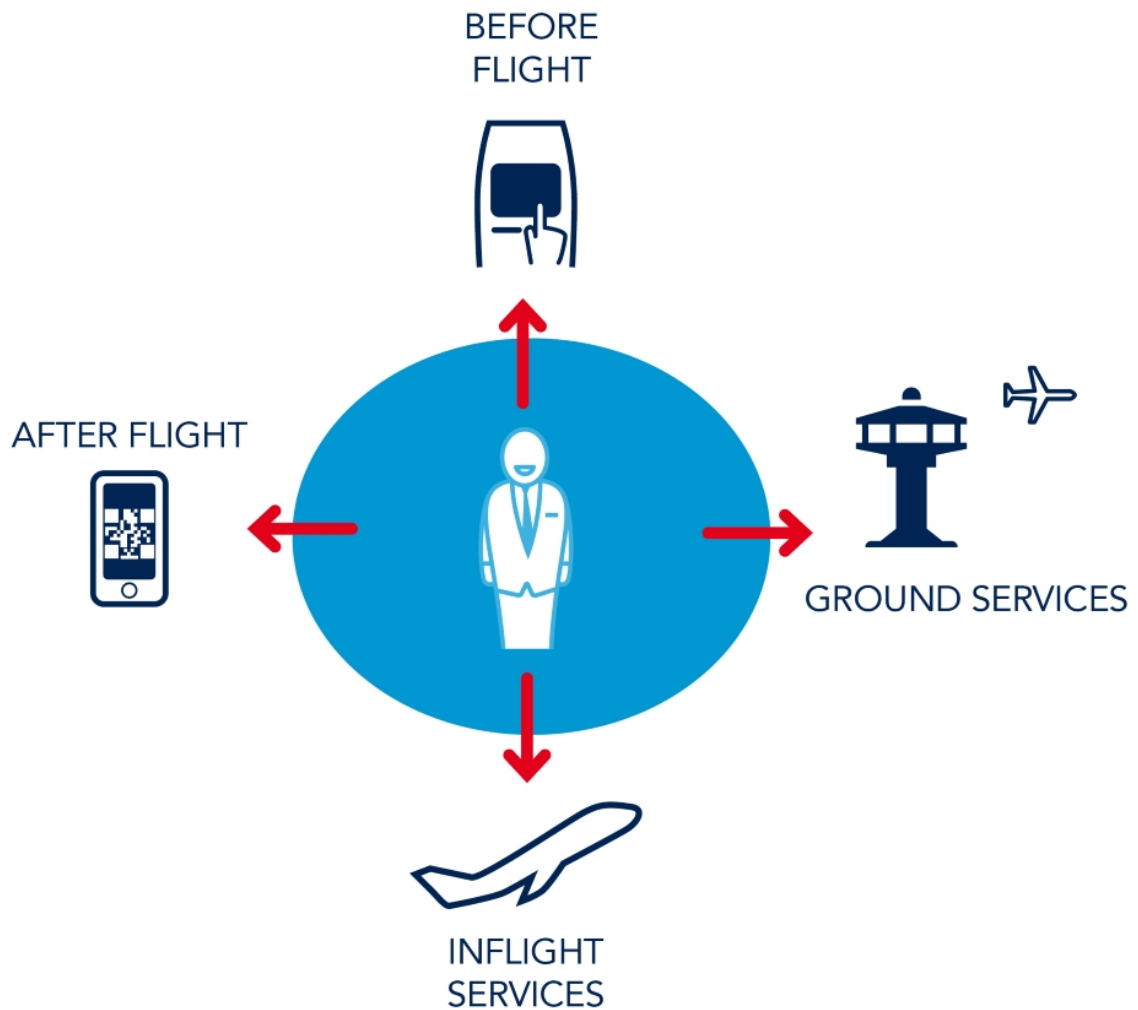
**We enter into dialogue with our customers to understand their needs and expectations. With this knowledge, we can develop a distinctive customer experience by offering high quality and sustainable products and services.**

## CUSTOMER INSIGHT

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Our Customer Insight (CI) department conducts research on customer understanding, customer satisfaction and on service conformity. It also carries out benchmarking studies, specific customer research and data analysis, with a constant respect for the privacy of customer data. The CI department offers support to the organization on strategic, tactical and operational level.





## Co-creation

The customer is at the center of product and service development. For example, in 2016:

- Air France carried out several customer tests on long haul network for its business, premium economy and economy cabins. Customer feedback was integrated into the development process.
- Co-creation programs are run with top-members of the Flying Blue program. For example, In Touch community members were consulted in the process of developing new boarding passes for KLM, and customers were invited for a day at KLM to revise the interaction of the cockpit crew.

## Customer analysis

We carry 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:

- More than 40 tailored studies are carried out per year among our customers and potential customers in order to understand their needs. For example, we consulted our customers about product development with a partner in the Nordics.
- Customer complaints are analyzed and reported monthly, to understand key product and service challenges, and define possibilities for improvement.
- The Net Promoter Score (NPS) indicator has been applied at Air France and KLM as the standard indicator used to monitor customer recommendation. The NPS is now used as a companywide target, and dashboards and monitoring tools have been developed to report the daily NPS score. This is available to everyone online and on TV-screens throughout the company.
- In 2016, we further developed the large-scale market study initiated in 2015, to truly understand the needs of our various customers, including different needs arising from the occasion of the travel. We

identified 13 segments and collected their feedback through our satisfaction program. The selected focus segments are now used in product and service development.

- Frequent flyers were asked to participate in co-creation group sessions about catering in Business Class.

## **Benchmarking**

Market research and industry-wide studies (such as Airs@t and the IATA Frequent Flyer Program benchmark) enrich analysis of the competitive environment. Part of this information is shared within the Group via a specially set up intranet.

## **Monitor quality and customer satisfaction**

2016 was the third full year of the “Quality Observer” program. Within the program, Flying Blue members are invited to perform objective quality audits by using an exclusive app. More than 60,000 frequent customers have participated in this program. The goal is to safeguard a consistent product & service delivery around the world, based on more than 45,000 quality observations received annually. The results are included in a reporting tool that is available to different internal stakeholders.

The eSCORE online program measures passenger satisfaction on all Air France and KLM flights, with specific and tailored questions. The information gathered contains passenger profiles and choices, segmentation questions, as well as satisfaction scores covering the entire customer experience. Over 1 million responses a year are received and analyzed to constantly improve and customize products and services. We are continuously looking to optimize the interaction with our customers through eSCORE.

Customer satisfaction is also measured through special monitors at different touchpoints before and after travel (call centers, websites, social media, etc.).

## **SOCIAL MEDIA**

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You can find Air France and KLM on Facebook, Twitter, YouTube, LinkedIn, and various other networks. On these social media networks, passengers’ questions are answered, the latest news about Air France and KLM is published, and our special offers are posted, flight information is provided and passengers are assisted with their requests.



23.7 million fans



3.7 million followers

and 6.4 million fans and followers on other social media (Instagram, YouTube, LinkedIn, Google+, Sina Weibo, WeChat, VKontakte, Pinterest).

## **STRIVING FOR EXCELLENCE IN CUSTOMER SERVICE**

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To become a market leader in customer satisfaction and to differentiate ourselves from competitors, we are investing in digital tools, a more personalized service for customers and a move up-market. We undertake numerous initiatives designed to achieve excellence in customer service. Some examples in 2016:

At Air France:

- Air France has built a 360° customer vision platform, which centralizes information and events relating to customer experience in real time. On the basis of this platform contextualized customer files are formed and stored in the devices of the frontline personnel, in order to allow a personalized assistance to the customer throughout the service chain. To this end, a massive equipment project has been launched: in 2016 more than 5,000 tablets have been distributed to ground personnel and it is planned to equip all commercial aircrew with tablets in 2017 in addition to iPads used now by cabin chiefs and chief cabin crew.

- Air France was presented with the “Esprit de Service” award by the customer service professionals and companies from all sectors, members of the French Customer Relations Association, in partnership with Esprit de Service France of which Air France is a founding member. This award is given in recognition of company’s establishment of a strong service culture, based both on a relational approach to customer experience and on a managerial model that puts employees at the heart of customer relations.
- Air France was awarded the “Podium de la Relation Client” prize in recognition of the efforts of Air France teams to improve the customer experience and make a difference through a constant attentive relationship with its customers. Selected on the basis of BearingPoint and Kantar TNS survey to a sample of 4,000 French people, the award reflects the recognition of our clients.



At KLM:

- In November, KLM launched its new brand movie entitled “Moving your World”, reflecting the KLM philosophy of being a caring airline and putting customers first.
- In 2016, KLM started collaborating with Return to Sender on “Gifts for Care” project. Return to Sender is a company that brings unique handcrafted products from all around the world to the Netherlands. Made with a love for tradition and craft, these authentic products are created by artisans in the poorest regions of the world. These unique gifts provide the crew with another tool to approach passengers on board in a way that fits the KLM mission: Moving your world by creating *memorable experiences*.



- KLM created the Bonding Buffet: a 4.5 meters high table with a Christmas dinner on top of it, which could be brought down by filling all the chairs around it with travellers. The message was to let different nationalities bond with each other over the table, and bring some Christmas spirit to a busy airport because lots of people spend their transfer time alone.

- KLM served organic wine in World Business Class in October and November. This is KLM's first step in this product category. All the wines are organically or biodynamically produced. That means they are free of chemicals and have sulfite content which is often only half of that of conventional wine. The taste experience of organic wines is more intense, because it is more authentic.

## INVOLVING CUSTOMER IN OUR CSR INITIATIVES

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### Takes care

KLM launched its KLM Takes Care online platform in June 2012. The platform [klmtakescare.com](http://klmtakescare.com) is dedicated to providing information on all relevant topics, engaging in dialogue and providing a forum for discussion on sustainability. The KLM Takes Care platform and logo make it easy to identify CSR initiatives both online and offline.

In order to better flag initiatives related to CSR, the Group embedded CSR actions of all its commercial brands under the label Takes Care.



Air France-KLM has moved up in the Fortune's World's Most Admired Companies 2017 ranking, reaching second place in the "Airlines" category. The economic assessors particularly noted the Group's excellent performance in terms of innovation, the quality of its products and services and its social and environmental responsibility.

### CSR monitor

We regularly carry out a CSR perception survey of Flying Blue customers. This survey enables a better understanding of customer expectations and the identification of issues they see as priorities.

- More than 1,900 customers replied to the CSR Monitor survey conducted in May 2016, expressing their views on the issues and actions they consider key, and ranking the development of renewable energies in first place.
- Fleet modernization, the use of renewable energies and waste recycling also emerged as significant topics.

In 2017, we also carried out a materiality analysis: 20,000 Flying Blue customers were invited to give their opinion on the most material topics regarding Air France-KLM strategy and to share their expectations of what a responsible group should be.



# SUSTAINABLE PROCUREMENT

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**As a large purchaser of various products and services we take ownership. We aim to integrate sustainability in our supply chain by sourcing products and services that minimize our environmental footprint and have a positive social impact.**

Working together with around 3,700 suppliers, a proactive role for procurement is essential. The most significant purchases are aircraft, fuel, ICT, airport and navigation fees, onboard products and Engineering & Maintenance. Given the significant amounts spent, optimization, innovation and the integration of CSR in the supply chain are our priorities.

We contribute to SDG 12.



## ECOVADIS ASSESSMENT RESULTS



**3,700**  
suppliers



**66%**  
of suppliers signed  
the Sustainable Development  
Charter

## SUSTAINABLE PROCUREMENT STRATEGY

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### Code compliance

In a continuous effort to improve our vulnerable position with regards to the suppliers, all buyers actively renew their involvement by signing our code of ethics. Twice per year everybody within the company who deals with external suppliers is asked to participate in a questionnaire that aims to raise awareness of issues such as bribery and other illegal activities.



In 2016, Air France elaborated and communicated, to all the employees in relation with external parties, an ethics reminder document including principles on commercial and financial ethics, confidentiality, and CSR commitment compliance.

Suppliers are asked to sign the Air France-KLM Sustainable Development Charter, which is based on the UN Global Compact principles, or to send an equivalent document to be approved by Air France-KLM.

- As an example, Procurement Inflight Services further increased compliancy with regards to the signature of the Sustainable Development Charter from 75% to 85%.

This charter is reinforced with the Supplier Code of Conduct: additional guidelines based on international standards including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Children's Rights and Business Principles, the Core Conventions of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises.

All suppliers have a set CSR Indicator. A CSR indicator is based on one or more of the documents or statements listed below. The CSR Update Procedure Document is included in each Supplier Profile:

1. Air France-KLM Supplier Sustainable Development Charter
2. UN Global Compact
3. EcoVadis Score or equivalent approved by the CPO office
4. Contract Annex
5. Sustainability Charter provided by supplier
6. Supplier website/CSR Statement/Sustainability Report, validated by CPO Office

Consistent with our CSR compliance policy, those assessed who did not reach an acceptable level will have to implement remedial measures to meet the Procurement division's requirements. For Air France, these cases are discussed during the quarterly STEERCO managed by the Procurement and the CSR departments.

## **Supply chain risk assessment**

### *CSR performance assessment*

We use the EcoVadis online platform for assessing supplier CSR performance. Suppliers are evaluated on the basis of social, environmental, ethical and supply chain management criteria through different sources such as, for example, a customized questionnaire. Depending on their score they are given a bronze, silver or gold "medal" in recognition of their performance.

A risk assessment process was formalized in five steps in order to come to a prioritization of risk associated with the production of the product or services and / or the country of origin of products bought. For the hardware and beverages product groups the prioritization is ready for follow-up.

### *Supplier Relations Management System (SRM)*

Based on building long-term relationships between buyers and strategic suppliers, SRM has been deployed since 2013. SRM suppliers are a selection of Strategic suppliers who qualify after being segmented: in 2016, 23 suppliers were approached in an "SRM way" in different domains, varying from airplane interior cleaning companies, like Asito and Kluh, to facility management companies, like Atalian and Sodexo. With this approach the awareness of a better involvement and creation of joint goals is steadily growing.

In 2016, the focus was on establishing these relations with suppliers in the Inflight domain and within Engineering and Maintenance. The SRM system enables issues like corporate social responsibility to be central to their discussions and to move forward together on these points. The SRM was further deployed in the procurement domains and established in close relation with our businesses.

## **Managing non-commitment/non-compliance**

According to our non-compliance policy which is being progressively developed, all suppliers are asked to sign the Sustainable Development Charter:

- Those identified as high risk take part in a CSR assessment conducted by EcoVadis.
- Suppliers who do not obtain a global score of at least 30 are asked to provide a corrective action plan. The policy focuses on continuous improvement.

In 2016, seventeen new suppliers were assessed by EcoVadis and expired assessments for contracted suppliers have been updated.

CSR on site audits have been launched in Chinese and Thai factories: corrective action plans have been requested on specific issues.

## **CSR opportunities**

Engaging suppliers in their CSR performance and challenges helps to identify CSR opportunities:

- Environmental, social and ethical criteria were integrated in product/service specifications and contracts, where relevant.
- We also contribute to supply chain sustainability by collaborating with suppliers to develop innovative and sustainable solutions.
- Procurement cooperates with organizations and companies in the sheltered sector on multiple projects, representing a total expenditure of around €20 million.
  - A fine example of this cooperation is the laundry service at Paris and at Schiphol area.
- Air France focuses on the development of small and medium-sized companies and start-ups, the creation of innovation centers, participation in business incubators, as well as on specific themes such as the Lab'line for the Future project. In 2016, for the fourth time, the Group obtained the "Label SME" through the actions led in the framework of "Innovative SME Charter" and won again the award for its strong SME supplier relationship commitment.
- Through its open innovation approach, Air France offers its customers innovative products and services designed by young innovative companies, such as the Interactive Mobility for the Air France Press app. In 2016, Air France procurement launched an experimentation with a startup to co-develop a sourcing tool: this partnership has been awarded in the Solutions category by Décision-Achats, the professional buyers' website.
- In 2017, more than 600 suppliers were invited to answer the Air France-KLM materiality analysis questionnaire and give their opinion on the most material topics. See chapter Governance, "Our CSR approach".

In 2016, a CSR training program has been established for the French buyers.

Air France launched a first round of Procurement Workshops, attended by 200 employees from across the company. Organized around an innovative process, these Workshops aimed to introduce the "buyers-departments" to the tasks and methods of the Joint Procurement Division, to be able to grasp innovation and market trends, and collectively build projects based on a dynamic procurement process. The CSR dimension was a major focus.

## SOME EXAMPLES

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### Digital Press

Through a special application, Air France offers its customers digital newspapers and magazines as well as videos. Developed in close cooperation with all stakeholders, this offer provides the customers with a wider and more varied choice of onboard entertainment and reduces environmental impact:

- Lesser quantities of printed newspapers: 6 million magazines less taken on board Air France flights.
- Less weight carried on board: saving 3 million tons of paper per year.
- Less waste to be processed after flights.



### **KLM Media App**

The KLM media app allows travellers to download a variety of newspapers 24 hours before departure. At present, the KLM app offers 13 different newspapers. KLM's in-flight magazine, the Holland Herald, is also available through the app. In the near future, the app will also include a selection of magazines.

### **Recycling of uniforms**

In 2016, employees of Air France, both ground crew and aircrew, were asked to leave their used uniforms and work clothes at recycling stations. Until then, the treatment of these garments had raised questions of safety and responsibility for waste treatment.

- A unique partnership with Balsan, the supplier of female uniforms, has led to an innovative solution implemented by a cement plant near Lille, ensuring traceability and repurposing.
- The transformation into fibers of the collected 8.5 tons of garments resulted in 48,509 kWh, i.e., three households of three people heated over one year and 1,284 kg of cement.

### **KLM Bus**

A free of charge KLM bus service is offered to passengers who don't live near Amsterdam. Using this service, passengers save costs for fuel and parking. In 2016, 15,000 passengers made use of this service.



## ScrapPlaza

KLM's Engineering & Maintenance initiative ScrapPlaza was initiated to recycle and/or reuse old aircraft materials. Based on an employee idea, ScrapPlaza introduced a model similar to that of eBay in order to exchange used KLM equipment such as chairs, desks etc.





# INNOVATION

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**Today's world is changing, and it's changing fast. At Air France-KLM, innovation and technology are two strong pillars for the integration of sustainability in the customer experience.**

## DIGITIZING

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We focus on the digitization of our services. This way we can provide our customers and employees with the right information at the right time.

Social media are changing the relationship between consumers and businesses. Active consumers now demand greater transparency, responsiveness and personalization. A strong digital link with the traveller, via the Air France or KLM app, Facebook, WhatsApp or Twitter, helps to inform our passengers in real-time through the passenger's channel of choice.

The Air France and KLM media apps allow travellers to download a variety of magazines and newspapers before departure.

Our staff are provided with digital tools, in most cases an app on their tablet computer, which enables them to offer the best service to our passengers. Operational staff also benefit from this digital trend. In a turnaround, many people and departments work together to ensure aircraft departure on time. A digital platform, accessible via phone or tablet, facilitates communication between departments and helps them to work as a team.

Our aircraft mechanics have the possibility to access information through digital channels "on the spot". Firstly, this means no more paper manuals to carry around, secondly, it means guidance and troubleshooting options for onsite support, and thirdly, it allows a paperless debrief.

## INTERNET OF THINGS AND BIG DATA

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With the Internet of Things technologies we connect a variety of objects to the Internet. Many objects in the Air France-KLM world are either already connected or will be in the longer term. As checked-in baggage can be a source of stress for our passengers, we aim to relieve that stress by offering connected baggage solutions.

In daily operations at the airport, vehicles and equipment are also connected to Internet. We can find the nearest vehicles and equipment without effort and reduce "searching time". It helps us to work more efficiently and to fine-tune and learn how many vehicles and how much equipment we actually need. In the long term, this will help to reduce the amount of superfluous equipment and avoid the waste and footprint caused by production.

We use big data analytics to know what maintenance is needed at the moment, to learn from the past and to predict which maintenance can be anticipated in order to avoid future delays.

Big data can also help us personalize the offer we create for our customers. We aim to help our customers find the information they are looking for faster. We always do this with the highest regards for privacy.

## **MRO LAB: MAINTENANCE INNOVATION**

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As an airline Maintenance, Repair and Overhaul (MRO), Air France Industries KLM Engineering & Maintenance have developed a unique portfolio of know-how reflected in the development of a wide range of value-adding innovations.

The MRO Lab is a program grouping innovative and high value-added solutions. Specially tailored to the challenges of aircraft maintenance, the innovations are the fruit of continuous development aimed at satisfying the requirements of airline operating performance. Developed in-house, then tested and verified on the Air France and KLM fleets, these innovations benefit AFI KLM E&M customers by optimizing fleet performance.

The MRO Lab program is explained in this video :

Major innovations, such as our solution Prognos which is now fully operational on several aircraft, have been developed. We are now able to predict failures on some of the components of the A380 before they fail using the big data tools available on these new generation aircraft. More developments are being done on new aircraft types and new systems.





Partnerships with startups allow us to introduce new mobile solutions to identify parts in the cabin in three clicks and to do a faster design of a new cabin layout for our customers.

More innovations are detailed on our website: [themrolab.com](https://themrolab.com).

The MRO Lab Singapore, the new, joint R&D center with its partner Ramco, aims to encourage the rapid emergence and sharing of innovative solutions. Following successful Proofs of Concept after one year of operation, we have been able to introduce the first innovative solutions for our employees and our customers such as new mobile applications and new analytics solutions.

The MRO Lab Amsterdam and the MRO Lab Paris with its creative rooms, have also been set-up to further help our innovation network.

And finally, our customer experience is being improved with new digital solutions that are being tested and implemented.



# \*AIR FRANCE\* BEST PRACTICES

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We are looking to differentiate ourselves via a more personalized service for our customers, innovation and a move up market.

## OFFERING PERSONALIZED SERVICES

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### Kids Solo

For children traveling alone, we created our Kids Solo service. Our staff accompanies your child and ensures his or her comfort and safety at the airport, on board and during connecting flights.

On intercontinental flights, children enjoy games, films, cartoons, and receive fun gifts. We provide a meal for them, containing organic products, adapted to children's tastes and needs.

For connecting flights of more than two hours, children are welcomed in the Air France connecting area reserved for children traveling alone. These lounges are specially equipped to offer activities for everyone.

Upon arrival, children are accompanied by our staff to the person designated for pick-up. This person receives an SMS confirming the flight's estimated arrival time.



With our Saphir program, we offer an array of services tailored to the needs of passengers with disabilities and reduced mobility, such as easy reservation procedures, airport assistance, baggage assistance, special equipment on board, and more.

Phone and online services enable ticket bookings and provide assistance. We also offer a special phone assistance service to hard of hearing or deaf customers.

Our cabin crew is notified of the presence of a passenger with particular needs on board. Staff is trained in disability assistance to make their flight as comfortable and pleasant as possible.

All aircraft are equipped with an onboard wheelchair that is designed to move through the aircraft aisles and access the restrooms during the flight. In our most recent aircraft, seat numbers are indicated in Braille.

### **Responsible catering**

For our catering served on board and in airport lounges, we prioritize local, seasonal products and products sourced from organic agriculture. For example, children and baby meal trays include several organic products. Some of the products are also produced by companies in the sheltered sector (such as small jam jars on breakfast meal trays) and by social and solidarity economy (such as sandwiches served on small and medium haul flights).





### The Customer Respondents Club

Three years ago, we started the Customer Respondents Club in order to put customer center-stage when making decisions concerning products and services. Today, it has over 80 members, all of them very frequent travelers on Air France and other carriers, willing to share their opinion and provide focused input free of charge.

They are also hugely appreciative of the attention we pay to them and the meetings with Air France personnel who come along to the quarterly Club workshop days. The bond of trust and affinity with these important customers is extremely valuable to us and to them.

## HACKATHONS FOR CO-CREATION

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A contraction of the words “hack” and “marathon”, a hackathon is an event in which teams consisting of developers, designers, logistics experts and idea-makers develop an IT project, software or an app, generally over a short time period.

Air France is thus choosing to break away from the corporate context and adopt a startup approach, while still focusing on the customer. In 2016, Air France organized and contributed to several hackathon events gathering students, startups and/or employees. Some examples:

### Customer Priority Hackathon

110 participants (external participants and Air France staff), in teams of two to five people, had two days to develop an innovative solution to assist customers in the event of an irregularity and offer them the best possible travel experience. They worked, following a series of briefs on four traveler profiles based on Air France data, on real examples and with experts to assist them throughout this challenge. After more than 48 hours of development, seven members of the jury chose four projects that best meet the following criteria: consistency, originality, added value, pragmatism and functional quality.

A team of around twenty people, both internal and external to Air France, was formed to elaborate and develop the ideas that came out of the hackathon. Five projects are actually planned to deliver the envisaged solutions in a three months period.

### **ClimatUp Hackathon with an elite business school HEC**

ClimatUp was organized by a consultancy company BETC, HEC, and a non-profit organization Code for Climate. They invited students to take part in conjuring up and creating new climate-friendly IT solutions, especially in areas like the circular economy and waste management, sustainable cities, food and health, energy, and transport. The special Air France award dubbed “Creating the Future of Responsible Travel”, forms part of the last of those topics. Over the course of a weekend, the students worked in teams to develop a business model for an innovative product or service, with assistance from experts in these areas.

A team of five young talents spent a weekend working on sustainable journey solutions for customers of the Premium Economy cabin. Carpooling, forming a community of travelers sensitized to the subject of climate, and energy recovery and generation in flight, are only some of the many ideas and concepts that gave the company food for thought for the future.

### **Startup boot camp challenge with Airbus**

Air France and Airbus Bizlab launched a call for a joint project on the theme of reinvention of the airline business model. The ten startup finalists participated in a boot camp in Toulouse in May 2016. Two days of intensive work with experts from both companies and a pitch presentation to an eclectic jury of both business leaders and customers, ended in choosing the four winners of the challenge.



# KLM BEST PRACTICES

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**We aim to become the most customer-centric, innovative and efficient European network carrier by creating memorable experiences. We are KLM for you!**

## AWARD WINNING SOCIAL MEDIA

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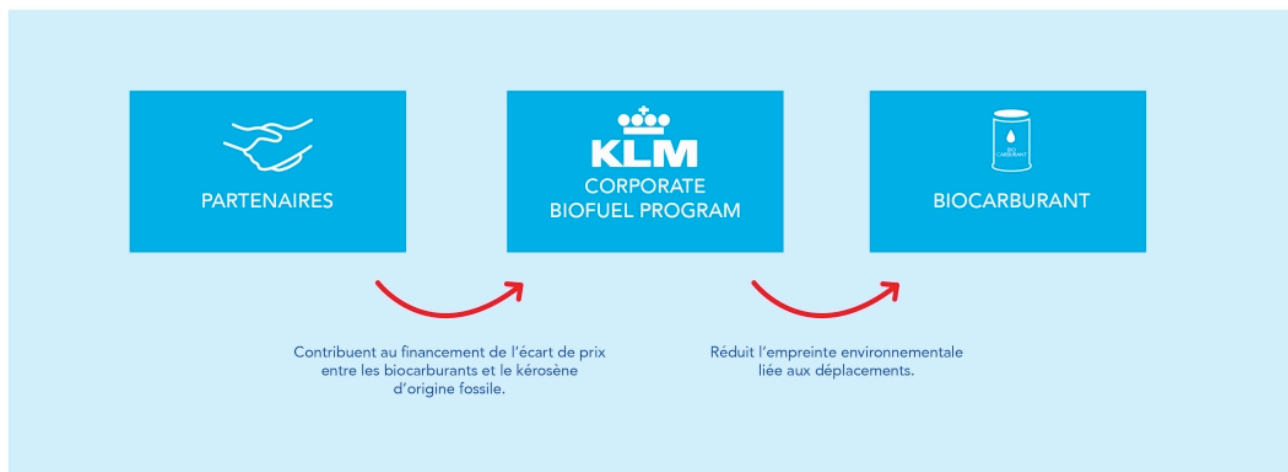
Since 2009 KLM has gained a reputation as an initiator and pioneer in the area of social media services and campaigns in the social landscape. In February 2017, KLM had over 24 million fans and followers on various social media platforms. Through these channels, KLM receives more than 100,000 mentions every week, 15,000 of which are questions or remarks. Each of these receives a personal response from one of the 250 service agents who make up the world's largest designated social media team. Through Facebook, Messenger, Twitter, LinkedIn, Instagram, WeChat and KakaoTalk, KLM offers its customers a 24/7 one-stop-shop in 9 different languages: Dutch, English, German, Spanish, Portuguese, French, Chinese, Japanese and Korean.

In recognition of these efforts, SocialBakers voted KLM the "World's Most Socially Devoted Brand" for four consecutive years from 2011 to 2014. In 2016 KLM received various awards for its social media activities. KLM was, amongst others, awarded with a Spin Award for Layover with a Local and the Cockpit Tales series. Also a Webby Award was received for FlightFunding.

## KLM CORPORATE BIOFUEL PROGRAM

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Since June 2012, KLM has been the first airline in the world to enable corporate customers to become partners in the KLM Corporate BioFuel Program, and to have part of their travel powered with biofuel.



Next to major companies like ABN AMRO and Heineken, the Dutch Ministry of Infrastructure and Environment joined the program. Participants pay a fee to bridge the difference between the price of traditional fossil fuel and sustainable biofuel. Because of the program, KLM will be using sustainable biofuel for all its flights originating in Los Angeles. The sustainable biofuel is produced by AltAir, a local Los Angeles based biofuel refinery.



AIRFRANCE\_KLM

# A warm welcome to ABN AMRO!

For the eleventh consecutive year, Air France-KLM has taken first place on the Dow Jones Sustainability Index as the world's most sustainable airline. We believe it is important to continuously reduce our CO2 footprint. But no one, not even a leader, can do that alone. That's why we're so glad that the KLM Corporate BioFuel Programme can welcome ABN AMRO to its ranks. ABN AMRO and KLM will work alongside a lineup of trendsetting companies that have already joined forces to develop sustainable biofuels.

Welcome aboard, ABN AMRO!

**KLM**  
Royal Dutch Airlines  
Journeys of Inspiration

**KLM**  
TAKES CARE  
TAKES CARE

## RESPONSIBLE CATERING

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In the airline industry, KLM has long been a leader in the area of sustainable catering. KLM Inflight Services is actively looking for ways to incorporate environmentally responsible ingredients in in-flight meals. Fish served on board is MSC- (wild fish) or ASC- (farmed fish) certified, and all coffee and chocolate is UTZ-certified or Fairtrade. Veal and chicken meet the standards of the Dutch Beter Leven kenmerk 1-ster (Better Life quality seal). Palm oil is certified by the Roundtable on Sustainable Palm Oil (RSPO) and soya by the Round table of Responsible Soy (RTRS).

Over the past few years, KLM Inflight Services has developed partnerships with a number of local partners. Sandwiches in European economy class, for example, are made with locally grown wheat that is milled in traditional windmills in North Holland.

KLM's efforts to promote sustainable catering are getting noticed. KLM received the Seafood Champion Award, and The Compassion in World Farming organization recently presented KLM with the Good Chicken Award, the Good Egg Award and the Good Dairy Commendation.

### Materials

KLM is the first airline with polypropylene meal trays. These meal trays are used in economy class. This material is lightweight, and has a less negative effect on the environment than ABS and PS. Polypropylene is now also used for economy-class cutlery.

### Gorilla Bar

Last year, a sustainably manufactured chocolate bar was added to the snacks assortment in World Business Class (WBC). An Amsterdam chocolate factory has now specially manufactured a miniature version of their popular "Gorilla Bar" for KLM.

KLM is in favor of supporting start-ups like Chocolatemakers, which has been around for only five years. Chocolatemakers is a so-called "bean-to-bar" artisanal chocolate factory that buys its organic cocoa directly from local farmers for a good, fair price. The chocolate bars have 100% recyclable wrappers, printed with organic ink. At present, Chocolatemakers are working with farmers' cooperatives in Peru, the Dominican Republic and Congo.

The production and sale of the Gorilla Bar serves a dual sustainability objective, because the chocolate is named after the last mountain gorillas in the world. The gorillas live in the Vinunga National Park in Eastern Congo and their habitat is endangered by human activity. To protect the gorillas, cocoa has been planted along the edges of the reserve. These organic cocoa plantations provide the local population with income, reducing the risk of logging and poaching, which are a threat to the gorillas and their habitat. By eating this chocolate, people therefore contribute to the conservation of mountain gorillas and ensure a brighter future for local inhabitants.





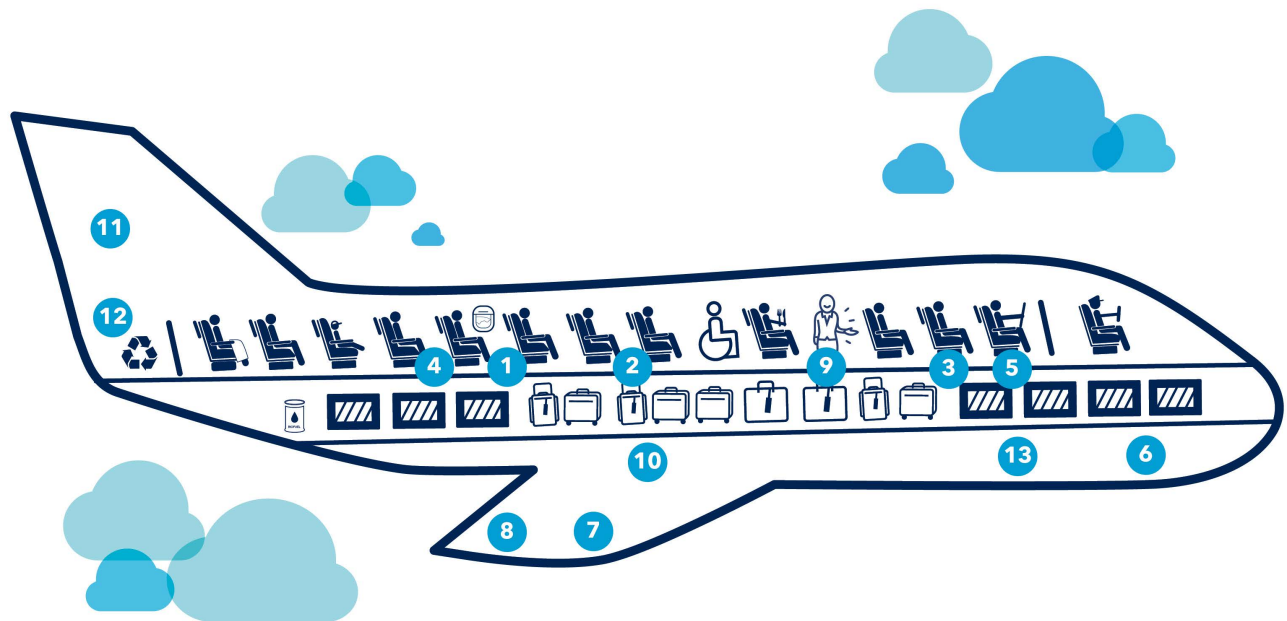
### Local culture programs and services for children

KLM's Route Dedicated Services (RDS) program is especially geared towards the culture and needs of passengers from Japan, South Korea, China and India. Passengers are offered a Western or "local" meal choice, and on flights to and from Japan, South Korea and China, local cabin crew is present as well.

KLM offers children the Bluey playset and special child meals upon request, so that children and their parents experience a more comfortable flight.

# 787 DREAMLINER: INNOVATIVE AND RESPONSIBLE AIRCRAFT

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- 1** The windows are up to 30% larger than the windows on other aircraft.
- 2** The higher cabin pressure ensures more energy and a greater feeling of wellbeing.
- 3** By using new filters and increasing the humidity in the cabin, air quality improves significantly for passengers and crew.
- 4** Additional comfort and space on board, with more comfortable seats.
- 5** Wi-Fi access to passengers who wish to remain online on board.
- 6** Boeing is working with companies around the world on processes that ensure that the Boeing 787 can be recycled at its end-of-life.
- 7** The 787 consumes at least 20% less fuel making it considerably more fuel-efficient than aircraft of comparable size, resulting in a 20% reduction of CO2 emissions.
- 8** The 787 is much quieter during take-off and landing (up to -40%) compared with similarly sized airplanes (less than 85 dB on the ground, similar to a heavy car traffic)
- 9** The 787 is quieter on board thanks to innovative technologies: a better acoustic comfort for passengers and crew members.
- 10** New engines, greater use of lightweight composite materials, more efficient systems, and the latest aerodynamics all contribute to the aircraft's performance.
- 11** Comparing the use of composites between the 787 and the 777. 787: 50% composites and 20% aluminium, 777: 12% composites and 50% aluminium
- 12** The entire process of production of the 787 produces less waste and uses fewer hazardous chemicals and materials.
- 13** Air France Industries KLM Engineering & Maintenance provides maintenance support for the Air France and KLM 787 fleet.



# CORPORATE SOCIAL RESPONSIBILITY REPORT 2016

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## Employee journey

We aim to create a safe and motivating environment for our employees. We continue developing skills to ensure the professionalism and employability of our staff, to achieve the best results for our business.



# GROUP SOCIAL POLICY

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**The Corporate Social Responsibility Statement and the Social Rights and Ethics Charter form the foundation of the Group's commitments by reaffirming the values and fundamental rights that guide our social and ethical policy.**

## MEETING ECONOMIC CHALLENGES

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We recognize the constraints and risks to which the Group is exposed and the need to adapt to a more rapid pace of change. At the same time, we seek to preserve cohesion by fostering a constructive and transparent workplace dialogue and by pursuing a policy based on treating individuals. This major action priority is at the heart of the new Trust Together strategic plan.

Trust Together was presented in November 2016, as a result of a comprehensive analysis of the Group's situation based on:

- A direct dialogue with the management team, managers and employees in the different business segments and with the representative union bodies.
- An internal survey of 500 senior executives covering the major strategic issues (75% participation rate).
- An external process of receiving input from investors, the Group's airline partners, the government and other air transport industry stakeholders.

At Air France, the implementation of Trust Together was accompanied by specific initiatives to listen to as many employees (including the subsidiaries) and their representatives as possible:

- A survey based on open questions about the future of the Group, covering trust and the ways to rebuild it, with the achievement of a high participation rate (13,000 replies).
- A special listening exercise and work process is conducted with Young Executives and High Potentials.

Trust Together establishes the guiding principle for the new "employee journey" ambition: the promotion of an in-depth workplace dialogue prioritizing business challenges and customers.

At KLM, the HR Activity Plan 2016 was based on the KLM Flight Plan 2016 and focused on facilitating the workplace dialogue. There was a major focus on signing new collective labor agreements for cabin crew and ground staff, targeting a 4% annual rise in productivity, and on the design and implementation of a High Performance Organization.

## TRAINING AND MOBILITY

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Training and internal mobility are the key factors in the success of our employment policy.

We maintained a high level of access to training:

- 29h and 30h: number of training hours per employee at Air France and KLM respectively
- 5% of ground staff and 100% of flight crew received training in 2015 at Air France
- 768,394: total number of training hours at KLM

Along with the required training, necessary for our specific jobs, we offer digital training on various subjects. Our digital platforms are accessible using all types of devices, from anywhere, at any time. These platforms help achieve strategic objectives by developing managerial skills, and by making learning fun.

On January 2017, Air France-KLM was awarded the Special My MOOC prize at the “MOOC of the Year” ceremony in the Google France premises. This award recognizes the Group’s efforts and multiple initiatives to promote the integration of MOOC in vocational training courses.

### **Focus Air France**

Access to training for everyone is a constant and permanent objective and is being supported through the My Learning digital platform and other e-learning tools. 45% of the training programs are provided in e-learning form.



The training programs fulfilled a dual objective: adapt employee skills to their new positions and develop their employability by targeting recognized forms of certification. In 2016, training courses supporting professional changes and raising professional standards enabled 150 employees to obtain a diploma, in various fields such as maintenance, IT, ergonomics or human resources.

Air France is also developing vocational and Validation of Prior Learning (VPL) hybrid training courses:

- Combining collective training and a personalized VPL approach, leading to a diploma or a recognized form of certification.
- Launched in 2015 in the form of a pilot, this innovative initiative was implemented in 2016 in several departments.

The Employment Strategy Committee aims to plan ahead taking into account occupational change, trying to foresee the possible impact on these occupations within the next three to five years and the changes that will need to be prepared for. They take into consideration the technological factors, with the ever-growing impact of the digital world, as well as economic impacts, linked to changes in behavior of customers or competitors.

One of the key challenges for job mobility is communication. The company developed systems through which their needs could be advertised to the employees. In 2016:

- Mobility Centers offered specialist career mobility guidance.
- 2,400 employees received individual support to change jobs.
- 1,137 people attended the thematic conferences and job-dating events, showcasing the professions in the company.
- 686 participants joined mobility workshops that dealt with interview preparation, job transfer planning, etc.

### **Focus KLM**

During the first half of 2016 there was very little internal mobility due to the planned transformation of KLM into a High Performance Organization (HPO). This transformation led to a reduction in staff, especially management staff, as a result of layering the organizational structure and centralizing expertise. Therefore special emphasis was put on mobility and the KLM Transition Center was launched in order to maximize internal mobility. This unit aims to help employees to find another job either internally or outside KLM.

The Learning & Development (L&D) tool provided vital support for managers and employees during the company’s major business transition to an HPO. L&D Support focused on the three stages of change (dealing with uncertainty, preparing for implementation and take-off) using a number of resources and channels, like workshops, classroom-based training, e-learning and self-assessments. For example, 360 managers participated in the “Dealing with Change” self-assessment program while more than 150 employees enrolled in the “How to apply for another job – Tips&Tricks” workshop.



Beside the programs relevant to HPO there were, of course, other job-related programs. For example, Engineering & Maintenance redesigned the training on maintenance of the Boeing 777. The content was improved and the number of training days reduced from 45 to 35 days. Within Ground Services kickoff meetings were organized to prepare 250 newly-appointed shift leaders for their new positions. Several training modules for Flight Safety Training were provided on iPads, which enabled the crew to learn at their own speed and offered a more pragmatic form of training.

At KLM a new training concept was developed for the Care program. The Care program is an emergency response program in the event of an accident on a KLM aircraft, involving 2,000 KLM volunteers. The training prepares the volunteers to determine their responsibilities in the program. The new concept involves an e-learning program and one day onsite training.

## INTERNATIONAL STAFF

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8,660 employees, accounting for 10% of Air France-KLM staff, are placed in international establishments at different local Air France-KLM offices.

Guided by the Social Rights and Ethics Charter, the Group applies local collective bargaining agreements, agreed on with unions or other relevant parties, according to local standards.

Various local management and talent development initiatives are in place. For example, our worldwide Sales Excellence Program has the ambition to offer the best training as possible to its local sales teams to become the number one in sales for our corporate customers and trade partners. The key objective is to become more target, opportunity and customer driven by giving to the local teams, in every establishment, the right tools and the right training. In that respect, the investments done in state-of-the art CRM tools like Salesforce® will further improve productivity and customer centricity of our sales teams. In 2017, we are investing heavily in Sales Excellence training programs for all the local staff involved in sales.

### **The “Africa’s Got Talent” program 2014-2016**

This 2-year program has been boosting the development of local talents since 2014. It includes:

- Managerial and project management training
- Presentations on Group’s strategy
- The creation of a company-wide network.

“Africa’s Got Talent” opens professional opportunities in African markets. Each African regional division has selected 2 participants according to their potential for development. For two years, 24 employees followed 4 training sessions of 11 days at Johannesburg, Abidjan, Nairobi, Dakar, and at the Group headquarters in Paris-CDG and Amsterdam. Most participants were promoted to management positions in their own country or in another African country as a part of the international mobility program.

New training programs have been launched in 2017.

### **CSR survey at international locations**

In April 2016, we carried out a survey at Air France-KLM international locations:

- Survey aiming to collect more accurate information about the actions supported by the international staff, in the areas of our CSR pillars: environment, customer experience, employee journey and local development (economic and humanitarian).

- 41 answers received from staff located in North America, Africa, Europe, Asia-Pacific and Middle East Gulf and India.
- The diversity of the projects showing that the developed initiatives respond to all the Group's CSR challenges, and that the social, societal, environmental and dimensions of CSR are now well known by Air France-KLM international staff.

## YOUNG PROFESSIONAL AND INTERN DEVELOPMENT

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We continue to fulfill our responsibilities towards young people entering the labor market.

As part of the sixth Air France Internship Charter, Air France offers young professionals the opportunity to gain quality work experience:

- 1,603 (2.34% of total staff) new interns from further and higher education institutions were welcomed in 2016.
- In order to continue the development of internships at Air France and involve the flight crew population in this dynamic, a trial was carried out with 32 cabin crew interns. In the coming years, we aim to maintain and to strengthen this vocational training program for cabin crew.
- Initiatives were made to support access to employment for apprentices in the local area, such as workshops for job seekers, job fairs and networking with employers in the Paris-CDG airport employment area.

220 volunteers of Air France have signed up for the role of University Relations Ambassador, representing and promoting Air France as an employer to potential candidates at their own former schools or universities. Some of the actions taken in 2016 were:

- attending university fairs
- organizing student hackathons
- working on the development of business-education partnerships
- organizing student visits of company offices
- promoting different roles within the company through videos on our new Careers site.

KLM has welcomed 22 young professionals via various programs (while maintaining its principle of limited external hiring, in place since 2008): Management Trainees, IT Management, Finance Development and MRO Talent.

The high number of applications for the traineeships and internships illustrates the attractiveness of KLM as an employer. In 2016 there were:

- 3,266 applications for the traineeships
- approximately 2,700 applicants for the internships
- 939 interns who joined KLM.

In 2016, we were awarded The Happy Trainees label by the *meilleures-entreprises.com* ("best companies") website, in recognition of the quality of the welcome, the mentoring and the supervision we provide for our interns and apprentices. 90.6% of them state they would recommend Air France-KLM as an employer, giving it an overall score of 4.06/5. Some of the aspects they evaluated were the working environment, motivation, and perceived pride and pleasure.

# HEALTH AND SAFETY AT WORK

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**Health and safety of staff in the workplace and maintaining a good quality of life are our key priorities and an imperative.**

## OUR KEY ISSUES

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The task of ensuring health and safety at work involves social and financial aspects that have a direct impact on the company's business. Our goal, within the context of the implementation of a strategic Trust Together and its accompanying "Employee Journey Air France" project, is to ensure the prevention of professional risks and the development of quality of life at work. Therefore, reducing risks, occupational illnesses, and workplace accidents are our high priority areas.



In 2014, Air France obtained an OHSAS 18001 certification for its health and safety management system, in force at all levels of the company. This certification was renewed in 2015 and 2016. As part of the Integrated Management System at Air France, specific annual health and safety performance target contracts were signed by the senior executive of each entity. These contracts formalize quantified commitments to reduce accidents at work through different action plans.

KLM's objective is to become a world leader in aviation safety. The company aims to reduce the number of workplace incidents to absolute minimum.

## RISK PREVENTION

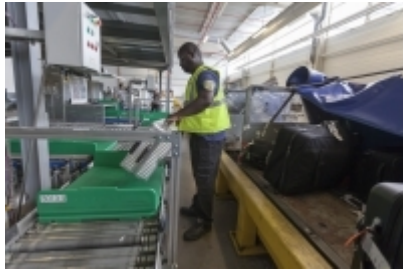
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Being vigilant and taking action are now more of a priority than ever. To place accident avoidance and a culture of risk prevention at the heart of our business, we reaffirm our long-term commitment to the following four priority themes:

- Preventing serious accidents: the physical and mental well-being of employees and partners must be a primary concern
- Developing ergonomic approaches: reducing the incidence of musculoskeletal disorders
- Improving the quality of life: preventing psychosocial risks in the workplace because the well-being of everyone contributes to the company's levels of performance and customer satisfaction



- Consolidating our management system: continuous improvement-based approach to Health and Safety in the Workplace.



## RESULTS AND OBJECTIVES

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At Air France, 2016 was marked by a decline in results in terms of frequency rates of accidents at work. However, this decline is mitigated by the “moderate” impacts with regard to the severity of accidents affecting the health and safety of the employees. Instances of both recognized occupational diseases, as well as permanent partial disabilities are permanently well below national averages. The main types of accidents at work are:

### MAIN TYPES OF ACCIDENTS AT WORK AT AIR FRANCE IN 2016



**38%**

Physical constraints,  
handling



**26%**

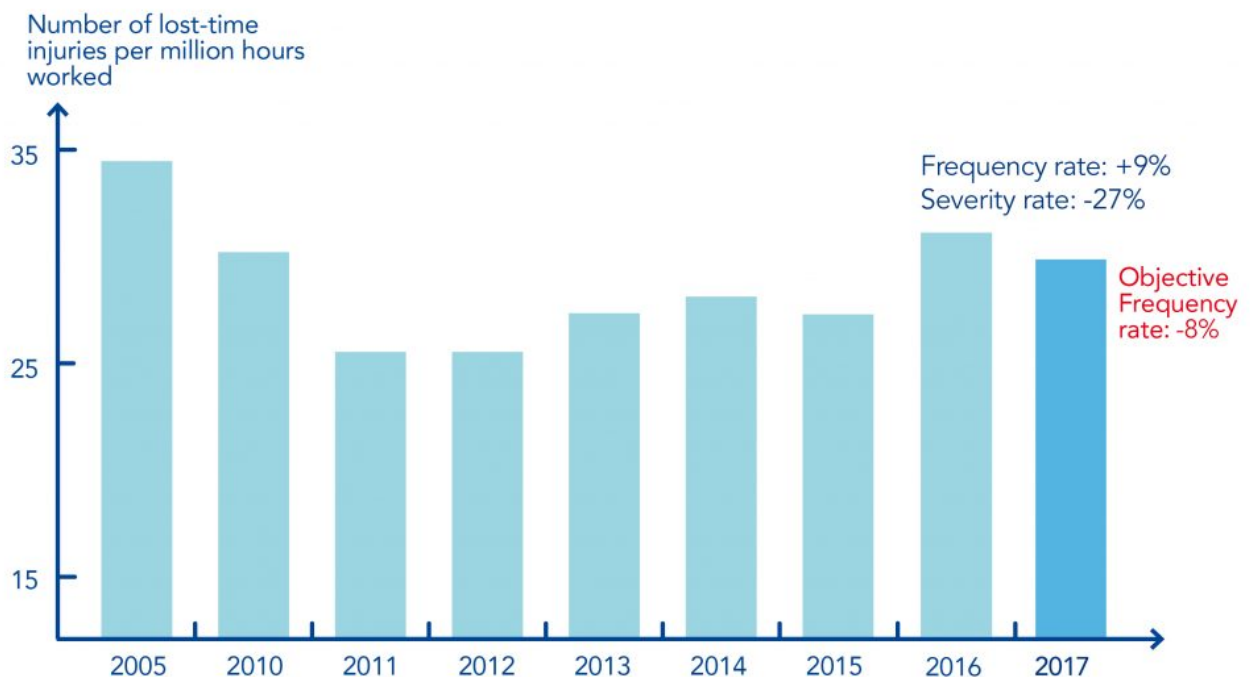
Barometric otitis



**18%**

Floor-level falls

## GLOBAL FREQUENCY RATE, AIR FRANCE



An employee of KLM has suffered a fatal accident this year in the Ground Services division. He was hit by a Volk Trekker and died at the hospital from sustained injuries. Of course, intensive research has been carried out to understand what caused this tragedy. Depending on the outcome, mitigating measures will be taken. In 2016, we counted three serious accidents. Despite the fact that with three serious accidents occurring in 2016, the target of less than four serious accidents was met, KLM considers the goal was not achieved due to this fatal accident. Besides that, the number of workplace accidents leading to time off slightly increased in 2016.

### Integrated Safety Services Organization (ISSO)

A new organization, ISSO, has been set up, with the task of monitoring the effectiveness of the integrated safety management system, regrouping operational safety, environmental safety and occupational safety. The goal is to integrate all safety related issues in order to ensure the proper execution of safety and compliance.

As part of the implementation of the ISSO, a training program for all KLM employees has been developed and is currently being implemented.

## QUALITY OF LIFE IN THE WORKPLACE

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

At Air France, the 2015-2017 Agreement aims to ensure improvements in organization, working conditions, quality of life in the workplace, risk prevention and physically demanding jobs.

The measures include the prevention of psychosocial risks and the implementation of trainings and innovative support programs:

- Deployment of managerial actions to foster the quality of working relationships:

- development of employee spaces for discussion and dialogue
- establishment of a common “How to Live Better Together with Mutual Respect and Trust” support system
- development of organizational working methods (remote working, hot-desking, job sharing, etc.).
- Additional support measures to support staff facing temporary or long-term personal difficulties (for example child care, help for family carers).
- Deployment of appropriate training: “Managing the Quality of Life in the Workplace”, “Preventing and Managing Violence and Incivilities”, “Preventing the Risks Linked to Alcohol Consumption”, “Raising Awareness on the Prevention of Suicidal Behavior”.

Since 2013, KLM has applied an integrated approach to all health-related matters in order to pursue a more tangible and efficient policy. A three-year plan and a detailed action plan for 2015 present a common vision of company-wide goals for health and safety. The implementation of this policy is reviewed annually and updated if necessary.

As a High Performance Organization, instead of a network of divisional health and safety managers, the HR department has a specialized and centralized Centre of Expertise Health. Since October 2016, a new group of health experts has been working on health related issues. Their main focus is the employability and the dialogue between employees and their managers in order to improve health, engagement and productivity.

## HEALTH PROTECTION

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At Air France in 2016, 28 vocational physicians and 60 nurses ensured the clinical and psychological screening of the company’s employees, advised on healthy lifestyles and the prevention of vocational risks, and provided emergency medical care. This advice was dispensed both individually and during group information sessions and awareness-raising initiatives within the framework of forums, informative campaigns and visits to workshops, offices and flight crews.

This year, KLM reviewed the agreements with health insurance companies who offered discounts on insurance contracts with employees. KLM decided to choose two health insurance companies that offer a number of benefits. Firstly, like in other years, there is a substantial discount for KLM employees, and secondly, the companies are committed to invest in the KLM health policy. Finally, these companies signed agreements with KLM Health Services to meet the costs of vaccinations, medicines and home visits by doctors.

## SOME TESTIMONIES

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“Reporting unsafe situations is crucial to recognize and identify potential risks. With the merging of all safety domains and bundling of expertise within the Integrated Safety Services Organization, all (data & risk) analyzing is secured under one roof. Appropriate action is taken to qualify, manage and mitigate dodgy situations. With the new reporting system, Q-Pulse, that will be in effect later this year, we will have one system, one process and one ISMS-methodology to cope with any disruptive safety issue in a professional, holistic and timely manner.”

*Risk Analyst – KLM*

“We pay close attention to real work situations. By listening, observing, forming working groups or applying simulations, we propose solutions that aim to combine the performance of tasks with the preservation of health of those performing the tasks.”

*Ergonomist – Air France*

“My knowledge of job requirements and practices and the fact that I am a part of a network, allow me to exchange regularly with my colleagues within the team: to distinguish the appropriate prevention measures and make proposals in case of identified risks.”

*Cabin Crew Health and Safety Advisor – Air France*

# EQUAL OPPORTUNITIES

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In line with our Social Rights and Ethics Charter, we pursue a social policy based on integration through work, respect for equal opportunities, combating discrimination and promoting diversity.



## DIVERSITY

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At Air France and KLM, internal recruitment and selection processes are governed by a code of ethics.

Air France is a signatory of national charters such as the Diversity Charter and the Good Parenting Charter. As an extension of the “Generation Contract”, a three-year French governmental agreement (2013-2015) to foster the sustainable employment of both young and old workers and encourage the passing on of knowledge and skills, Air France founded a new labour agreement company “ATGPEM” (Accord Triennal de Gestion Prévisionnelle des Emplois et des Métiers et Contrat de Génération du Personnel au Sol) 2016-2018 to focus on these issues.

The airline uses a range of information tools, including training modules for managers, a practical guide on religious diversity in the workplace, and a diversity e-learning module to build employee awareness.

KLM’s Diversity Council examines ways of promoting diversity and increasing awareness within the organization. Diversity has become one of the themes featured in the divisional plans on Management Development. Particular attention is paid to diversity within teams. Appropriate skills management, promotion of diversity and the practice of inclusion policy is an integral part of the company’s culture. In order to gain insight into the relation between job satisfaction and diversity, a research was conducted in collaboration with the University of Leiden.

In the Netherlands, new legislation on leave and working hours came into effect in 2015, aimed at reconciling working hours with the personal lives of staff (e.g. healthcare and education). KLM aligned its internal regulation with this new legislation in terms, for example, of parental leave or time off to nurse family members. In January 2016, new laws relating to working hours have come into force.



## DISABLED PEOPLE

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We have a proactive approach to helping people with disabilities into work. In 2016, the Group employed 2,590 people with disabilities.

Air France signed the 9th Disability Agreement 2015-2017, which aims to pursue and strengthen initiatives to promote improved, career-long support for employees with disabilities. In 2016:

- The share of employees with disabilities within the total workforce continued to grow to 5.84% compared to 5.59% in 2015.
- 14 people with disabilities were recruited by Air France.
- Staff with disabilities were aided in retaining their jobs, through support and adaptation initiatives.
- Increased use of companies and organizations in the sheltered sector: €5 million of purchases from this sector.
- In 2016, the objective of increasing the employment rate of persons with disabilities by 6% by 2017 (international corporate target including direct actions and purchases from the sheltered sector) was integrated into the annual performance contracts signed by the Executive Committee.

KLM is fully committed to actively furthering the vocational integration of disabled persons and optimizing their economic contribution:

- In cooperation with specialists, consultants and employees, adjustments are made to working hours, types of work and work stations.
- KLM continues to offer an employment guarantee to individuals whose disability rate is assessed at below 35%.
- Employees affected by disability and returning to work receive pro-active support from case managers within KLM.
- In September 2016, KLM participated in a seminar organized by the Schiphol Aviation College, on vocational integration of persons with disabilities. During this seminar, the aviation industry formulated a joint ambition: recruit 100 persons with disabilities in the aviation industry around Amsterdam Schiphol Airport in 2017. An important part of the seminar's program was a Meet&Greet with 30 "air potentials", or persons with disabilities that have the potential to work for one of the companies in the airline industry. This Meet&Greet had already led to the recruitment of five individuals, and a further three are currently in the recruitment process.

## GENDER EQUALITY

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

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

- As part of its policy designed to promote gender diversity throughout the company and to enhance the access of women to decision-making positions, Air France aims to achieve the target of 5% more female managers in 2020 (objective integrated in 2016 into the annual performance contracts signed by the Executive Committee).
- The percentage of female staff among senior management and executive level rose from 29.8% in 2015 to 32.2% in 2016.

Air France wants to bring about a change in the mentalities and provide the possibility, for men and women alike, of enjoying the time in their family environment while still enjoying the same professional development opportunities. Two initiatives were implemented in 2016:

- A coaching scheme was established for high-potential women, alternating collective with individual coaching sessions to promote access for women to positions of responsibility at the highest level within the company and the Group: 30 high-potential women took part in this program in 2016.

- A special training module was established to support employees returning to work after maternity and / or parental leave, aimed at enabling a smooth transition back into working life within the framework of a positive work / life balance: three training sessions were proposed in 2016.

We also organized two internal events:

- A meeting entitled “Gender Equality: a Challenge to Boost our Performance”: more than 80 managers had the opportunity to listen to, work together and share their experiences with three inspiring women.
- “Proud to be an AF Woman”: a selfies challenge organized on International Women’s Day 2016 with 1,200 participants and more than 350 selfies.

Together with seven other large French companies, Air France also participated in a study on professional relations between women and men among non-managerial staff. The goal of the study was to raise awareness, mobilize and support companies in their initiatives against sexism in the workplace.

### Women in the Group (%)

Board of Directors			35.7%
Executive Committees	Air France-KLM		17%
	Air France		26.7%
	KLM		23.1%
Senior managers / executives	Air France		32.2%
	KLM		21.6%
Ground staff managerial	Air France		33.7%
	KLM		26.8%
Flight crew managerial	Air France	Cabin crew	52.3%
		Cockpit crew	5.7%
	KLM	Cabin crew	71.1%
		Cockpit crew	3.4%
Ground staff non managerial	Air France		40.6%
	KLM		29.5%
Flight crew non managerial	Air France	Cabin crew	66.2%
		Cockpit crew	7.8%
	KLM	Cabin crew	85.7%
		Cockpit crew	5.9%

*Click to enlarge the image*

At KLM Group, the percentage of female staff grew to 43.2% in 2016 (from 42.7 % in 2015). This increase is also reflected in the senior management and executive level where the percentage of female staff rose from 21.2% in 2015 to 21.6% in 2016.

KLM formalized the Women on Board network in 2016. All women within KLM actively wishing to contribute to KLM’s ambitions are welcome to join the network.

- In 2016, two formal events were organized and attended by many new members.
- The new setup is much appreciated in that it facilitates connections between women at all levels of the company.

Air France and KLM are committed to equality and respect for sexual orientation. The “Personn’Ailes” and the “Over the Rainbow” LGBT networks bring together gay, bisexual and transgender employees. They provide advice to ensure fair treatment, regardless of sexual orientation.

“Personn’Ailes” network has around 300 members. For the first time during the World AIDS Day, in December 2016, uniform-wearing Air France staff, in particular the crewmembers, were allowed to pin the red tape on their jackets.

KLM is currently reinforcing its overall diversity strategy and is looking to further strengthen activities regarding diversity within the organization during 2017.

# INNOVATING AND INVOLVING EMPLOYEES

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**Our employees are encouraged to contribute to the Group strategy by putting forward ideas and suggestions.**

Getting teams involved in planning and implementing the projects is envisaged as a long-term approach, illustrating our ambition to bring about deep changes in the way we work.

## LISTENING AND INVOLVING STAFF

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### **Air France 2020 Program**

Launched in 2016, the program was aimed at outlining the vision of the Company in 2020. Five in-house projects have been approved and successively implemented, namely: Simplification, New Managerial Ambition, Digitization, Short Feedback Loop, and New Work Spaces.

The aim of the New Managerial Ambition is first and foremost to modernize: new technology and new working methods. Tomorrow's managers will know how to get people working together and develop their potential.

The new workspaces at Air France's headquarters were designed in a way that promotes collaborative working methods, openness and cooperation across sectors. To get the employees involved in the process, a system of feedback was implemented through questionnaires and workshops.

### **A new internal barometer at Air France**

An internal survey is carried out among 1,500 employees three times a year. The results are shared with all the employees and employee representative bodies. Some of the main conclusions of the survey taken in October 2016 were:

- 54% of employees are optimistic about the future of Air France,
- 86% think that Air France must continue its enhancement efforts and ensure its future,
- Trust Together is largely perceived as an ambitious and coherent project.

### **Contributing to KLM strategy**

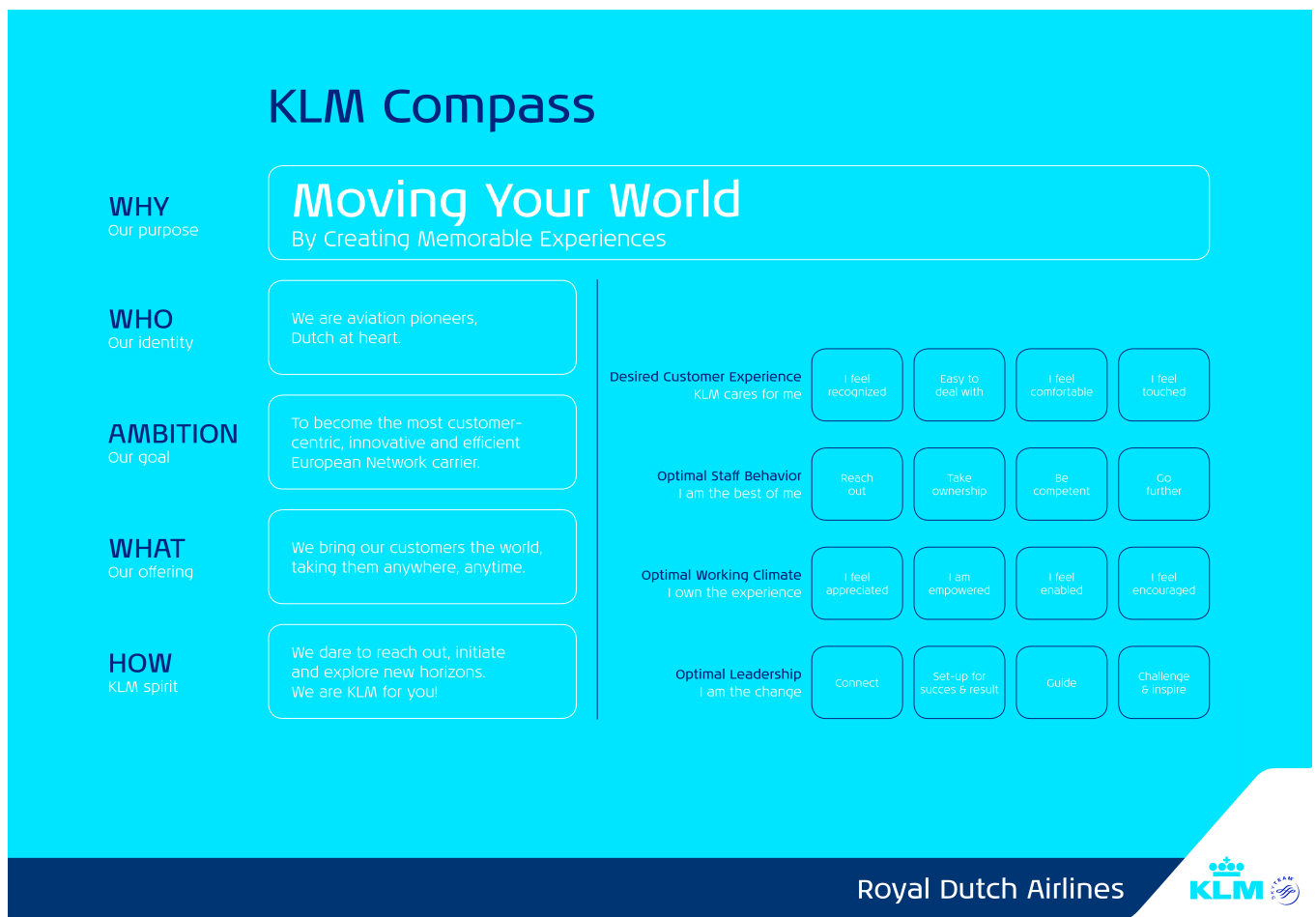
KLM employees were encouraged to contribute by proposing and implementing innovative ideas.

- In 2015, the KLM Executive Committee decided on the corporate purpose statement for KLM, "Moving your world by creating memorable experiences", in cooperation with a group of around 120 employees from across the company
- In November 2016, KLM organized four seminars in a conference center, attended by over 2,000 employees from across KLM. These interactive seminars, organized by and for KLM staff, were an opportunity to share information and for the management to answer the employees' frequently-asked questions.
- In 2016, the KLM Compass was introduced in different divisions. The "Compass" is intended to help KLM reach the goal of becoming a flourishing airline by creating memorable experiences. It outlines the "Why", the "Who", the "Ambition", the "What", and the "How". For example, the project team organized "Moving Your World" immersion sessions, accessible to all KLM employees and attended by around 1,400 participants.

### **Measuring the level of employee engagement**

In 2016, faced with the recent organizational changes, KLM decided to develop a new methodology in accordance with the new KLM organization and the KLM Compass.

- A structure was developed to measure employee engagement, at both corporate and divisional level.
- This measure, evaluated over a short cycle, could generate input for a dialogue between the management and the employees. The results from the trials would help KLM in finding the solutions to be developed more broadly at company level. The first trial started in September 2016.



*Click to enlarge the image*

## WORKING TOGETHER

We are developing collaborative and innovative projects that allow employees to work together, across sectors.

### Caring attitude

Improving communication and interpersonal relations among staff is imperative, as the quality of service for the end-customers depends on the quality of relations “backstage”. The caring attitude comes from a core Air France brand value. The idea is to simultaneously be attentive and caring, creating value for the company and the customer in all we do, and being truly proud of the business. In 2016, Air France reaffirmed its commitment to putting the “human” at the heart of its strategy and to be the company most attentive to interpersonal relations. More than ever, all Air France employees have been encouraged to display the Five Attitudes of the Service: “to personalize, to add value, to pay attention, to have a sense of detail and to dare”. It was in particular this last attitude which was at the center of our efforts, since it entails responsibility and the incentive to take initiative and thus creates a real culture change. Everyone is invited to push the borders in order to give a unique experience to the client, through their gestures and their words and by leaving enough room for maneuver in order to adapt to each situation.

## **Kid Solo Hackathon**

The new work methods favor co-working and a cross-sectional approach. With this in mind, a Kid Solo hackathon brought together 40 Air France and KLM employees from different departments who volunteered to work for three days on the improvement of the Unaccompanied Minor (UM) Service. This first internal hackathon had the goal of digitalizing the experience of UMs through new connected tools, since travelling without a smartphone or a tablet is hardly imaginable nowadays for our young passengers. Five teams have come up with products that will thrill our UMs and their parents.

## **Digital Champions**

For all our workforce, moving towards a digital working environment involves not only adopting new workflow tools, but also, and above all, it involves the need to work differently in terms of work areas, managerial practice, apprenticeship methods, and so on. To help drive this change, the Digital Transformation Department will rely on a community of change officers. To set this community up and get it running, a program dubbed Digital Champions has been developed and will be presented in 2017 to all staff volunteers, supported in their tasks by their line managers.

## **KLM CEO Mailbox**

In 2016, KLM continued with the CEO's Mailbox project. KLM employees were encouraged to contribute by providing suggestions and innovative bottom-up ideas. KLM's Board of Directors is giving its full support to this process and is dedicating time to talk to its contributors, for example, at special breakfast sessions. An interactive platform is currently being piloted at KLM to stimulate further enrichment of ideas and take employee involvement to the next stage.

## **CSR AWARENESS**

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

- The Air France-KLM Yammer platform, where "Air France Takes Care" and "CSR at KLM" groups were created to encourage employee communication and interaction. The shared information and discussion forums are open to all employees.
- The KLM CEO Mailbox, where employees can suggest innovative ideas
- "Les Managers Cafés" at Air France: it hosted 40 internal conferences in 2016 whose subjects addressed current CSR themes such as innovation, new management, or circular economy.



- Meetings on various CSR themes regularly organized at Air France and KLM, notably during Sustainable Development Week
- Internal forums on the subject of environment.

Awareness-raising initiatives for employees are taken through in-house surveys, gathering their perceptions and suggestions.

In February 2017, the materiality questionnaire was sent to a panel of 20,000 Air France and KLM employees (managers and non-managers) and the Group stakeholders, with a 13.7% response rate. Some of its results are:

- The top five material topics are: customer satisfaction, safety and security, market competitiveness, operational performance, financial performance.
- Fleet development and innovation follow with good scores.
- Social topics such as human rights, labour relations & social dialogue, health and safety scored high.

### Air France-KLM employees

CSR perception survey realized in 2017



*Click to enlarge the image*

## INNOVATION PROGRAMS

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Air France and KLM encourage employee involvement in progress and innovation initiatives.



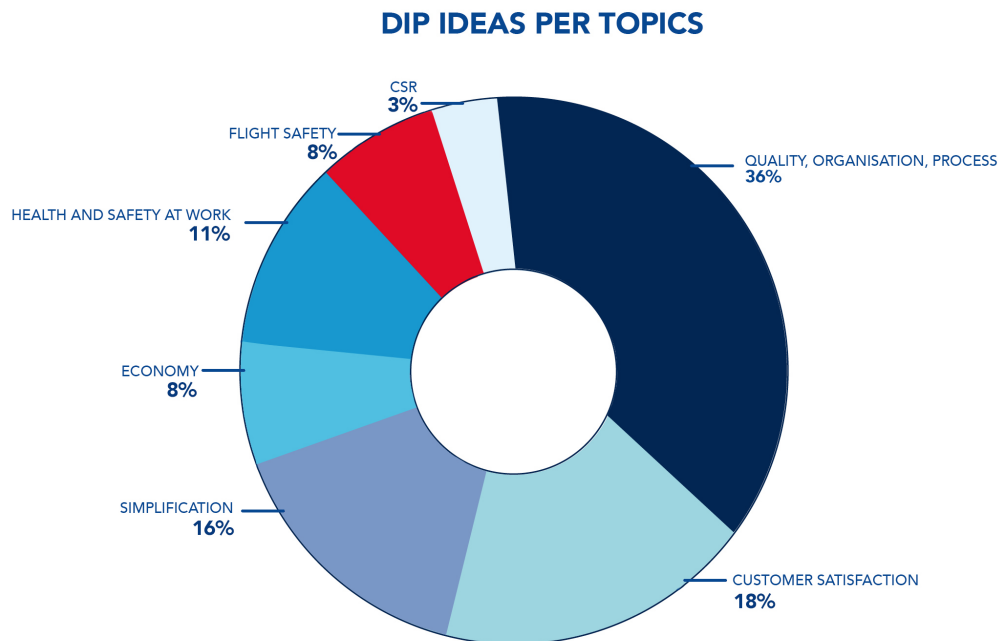
Developing Innovation Program (DIP) at Air France is a system allowing everyone to introduce changes to the company. Any staff member can suggest an innovation or an idea on how to improve a process in their area of activity and become an agent of innovation. The DIP program has seen further deployment with the aim of covering 100% of the company. It is a positive way to contribute to the company's performance.

Around 10,000 suggestions were submitted in 2016. Ideas reflect the Group's strategic priorities:

- The top three topics are: quality management, customer satisfaction and simplification.
- Ideas about occupational health and safety are crucial for risk prevention purposes.

The grassroots approach is central to Trust Together ambition and is a key part of the transformation mechanism.

In 2016, Air France organized the first company-wide DIP challenge dedicated to the specific field of the human resources.



*[Click to enlarge the image](#)*

All the departments contribute to the DIP program, which rewards the best ideas by category each year.

In 2015, the DIP Trophy "Sustainable development" was won by a flight crew. In 2016, a cargo employee was rewarded for his idea. His suggestion was to replace the canned aerosol rust-dissolver spray used in the maintenance of automatic pallet carts with larger capacity pressure sprayers. The benefit of replacing aerosols with a compressed air propulsion system and this reducing waste was not only environmental; it also resulted in improving the ergonomics of the workplace and in financial savings.

### **Innovation Awards**

2016 was KLM's 11th year of handing out the Innovation Awards to KLM colleagues who managed to successfully implement innovations. The theme of 2016 was "KLM on the Go in Every Way".

- 9 categories
- 73 nominations
- 1,500 votes counted

Some winning examples are:

- Stepping up our digital service and communication with Facebook Messenger. KLM is the first airline worldwide to offer booking confirmation, check-in notification boarding pass and flight status via Facebook Messenger.
- Best new revenue innovation with a better seat selection for customers. A new seating model to facilitate families sitting together and loyal customers getting the seat of their choice.



# CORPORATE SOCIAL RESPONSIBILITY REPORT 2016

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## Local development

We strive to add economic and social value in the areas where we operate. By working together with local partners, the Group creates new business opportunities and supports projects that contribute to future generations and local communities.

# SOCIAL PARTNERSHIPS

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FLY OVER THE POINTS TO DISCOVER THE PROJECTS

We have always played an active role in international development through social, humanitarian and nature conservation projects, with many projects focusing in particular on future generations.

## CONTRIBUTION OF AIR FRANCE-KLM



**€ 11 Million**

Financial support/donations

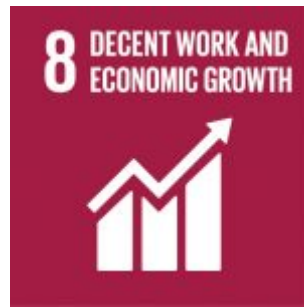


**432**

Air France tickets donated  
to more than 30 NGOs

We contribute to SDG 8.





## LONGSTANDING PARTNERSHIPS

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### Air France Corporate Foundation and Air France Humanitarian Aid Department



Air France Foundation helps disadvantaged children: since its creation in 1992, the Air France Foundation has supported more than 1,237 projects, large and small, all working to help children. In 2016, the Foundation was involved in 84 projects taking place in 38 countries.

Air France Humanitarian Aid Department: 432 tickets donated to more than 42 NGOs helping children in need of medical care; 60 NGOs received assistance for medical equipment transport.



### Acting for Life



"La vie, pas la survie" —

Air France's partner for over 30 years. It promotes economic development and sustainable tourism. In 2016, Acting for Life supported 42 projects in Africa, Asia and Latin America.

### Aviation Without Borders



Air France and KLM support the Dutch Aviation Without Borders and the French Aviation Sans Frontières.

This emergency aid organization carries out air transport missions, transports cargo shipments with medical supplies to remote areas and arranges transport for sick children who are accompanied by Air France and KLM volunteers. In 2016, 803 sick and recovered children were carried on Air France flights and 6,905 packages of medicines and minor medical supplies were shipped to 26 destinations by Air France.



### Gawad Kalinga



Since 2015, Air France-KLM has expanded its locally born and longstanding partnership with GK by signing the first Air France-KLM corporate partnership with this NGO and offering Flying Blue members to give miles to GK. Air France-KLM shares GK's innovative vision to eradicate poverty.

## UNICEF



Together with its partner UNICEF the Netherlands, KLM works on applying the Children's Rights and Business Principles (CRBP).

The supply chain can have a major impact on people and communities. UNICEF provides advice on how to integrate child rights in the Air France-KLM supplier's code. KLM and UNICEF introduced the Children's Rights and Business Principles to the other SkyTeam airline members to raise their awareness of these tools.

## OTHER INITIATIVES

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KLM works with seven long-term partners including its strategic partners UNICEF and WWF-NL, as well as [Doctor2Doctor](#), [Wings of Support](#), [Get it Done](#), [Samenwerkende Hulporganisaties \(SHO\)](#) and [Close the Gap](#).

KLM has provided strong support to Close the Gap since it was founded. It aims to "bridge the digital divide" by obtaining high quality, used computers from companies and distributing them to local educational, healthcare and entrepreneurial projects in emerging countries. A total of 1,460 IT assets were donated by KLM in 2016. Based on Close the Gap's impact calculator this translates into a savings of 42,000 kg of CO<sub>2</sub> emissions.



In case of (environmental) disasters, KLM Cargo contributes where possible to deliver emergency items. After the earthquake that occurred in Ecuador in April 2016, KLM contributed to development aid of the Dutch Ministry of Foreign Trade and Development by flying in goods such as foldable beds, sleeping bags, pillows and disaster area lighting.

## ENVIRONMENTAL PARTNERS

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Since 2008, Air France supports the forestry conservation program in Madagascar ran by ETC Terra and co-funded by the French Development Agency (AFD), the French Global Environment Facility (FFEM) and Madagascan authorities, which contributes to the development of local communities while 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” (such as beekeeping, poultry, fish farming, cash crops), increasing crop diversification and income. The second phase of the project (2014-17) aims to strengthen the conservation activities, expand and improve the propagation of sustainable alternatives to deforestation, and to validate the project under one of the existing REDD+ international labels.

## EMPLOYEE INITIATIVES

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The [Wings of Support foundation](#), founded in 1998, supports local projects at destinations. Both KLM flight crew and ground staff are actively involved in the work of the foundation. Wings of Support also organizes an annual 'BushCamp' for orphaned children from all over Kenya. In 2016, €593,000 was invested in 63 projects, helping 16,000 children.





In 2016, 1,170 KLM colleagues participated in the running contest “Dam tot Damloop” to raise funds for a UNICEF project that is committed to help refugee children.



Within the “Friends of Air France Foundation”, more than 2,500 employees are involved in various voluntary, childhood-focused projects. Their involvement can take different forms, including volunteer work, skill-sharing or donations. In 2016, the Foundation drew on the generosity and time of the airline staff on 16 occasions.

For two years, Air France has been promoting the involvement of employees in numerous humanitarian and social organizations and projects by organizing an Associations’ forum dedicated to this topic. This year, more than 11 company divisions joined the forum.

Transavia has implemented “Support’air de vos initiatives” (“Support’air of your initiatives”) that supports community projects lead by employees.

## ENGAGING OUR CUSTOMERS

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We take actions to engage our customers in social and humanitarian programs:

- The [Air France inflight magazine](#) devotes a monthly article to a project supported by the Air France Foundation and Acting for Life.
- Air France informs passengers about the damage caused by child sex tourism by financing and broadcasting [ECPAT France’s](#) prevention campaign, and by providing support to 12 other [ECPAT](#) projects for child protection around the world.



- Air France-KLM Flying Blue passengers can support NGO projects by [donating Flying Blue miles](#). A total of 184 million miles were donated by Flying Blue members to NGO partners in 2016.
- In the “KLM Takes Care” pages of its monthly magazine, the [Holland Herald](#), KLM focuses on various CSR initiatives and highlights the work of its partners.
- KLM’s CO2ZERO program enables passengers to compensate the emissions of their flight by investing in Gold Standard projects such as improved cooking stoves programs in Kenya and Ghana.