# Air France-KLM Principles

AIRFRANCE KLM GROUP

# INTRODUCTION

## **Our Principles:** what are they & why do we have them?

The Air France-KLM Group is committed to create a work environment where everybody can flourish and is able to contribute the best way possible to our Group performance. Our principles are leading the way in our behavior towards one another. They are the foundation for the social, economic and cultural cohesion within each company and within Air France-KLM, which is essential to be able to share in the benefits of growth.

We are an airline Group with three powerful and authentic brands, Air France, KLM, Transavia, and other subsidiaries. Each company with its own identity and a rich history we are proud of, which serves as the fundament for our future. All its employees are our most important asset. We are united in driving the Air France–KLM Group towards its leading position in Europe.

The management of the Air France-KLM Group and the Air France-KLM European Works Council (EWC) have jointly set out the values and fundamental rights which underpin the identity of the companies within the Group, and guide their social and ethics policy. Together we agreed on the principles for the Air France-KLM Group, as described in this document.

The purpose of this guiding document is to foster a climate of mutual trust, respect, transparency and confidentiality in a work environment where health, safety and the quality of life is a major priority on which there may be no compromise. It requires continuous and extensive cooperation from us all.

We need all to be fully committed to live up to our principles and respect our way of working, as our day-to-day business is driven by the Air France-KLM Group's ethic principles. We like you to speak up and address each other on inadmissible behavior. As we have a zero tolerance for non-compliance. We are all the ambassador of ethical conduct and transparent professional practices.

We all have the responsibility to protect and enhance the Group's reputation, culture and brands. Individually and collectively, we make the difference for our colleagues and for our customers.

*Benjamin Smith, Chief Executive Officer Air France-KLM*

**In the Air France-KLM Group:**

We treat each other with RESPECT, we support a 'speak-up' culture where our employees, partners and customers are free to share their ideas and opinions, and confident that they are heard.

We have TRUST and are confident in the ability of our employees to make the right decisions, to reconcile economic ambitions with social and ethical concern.

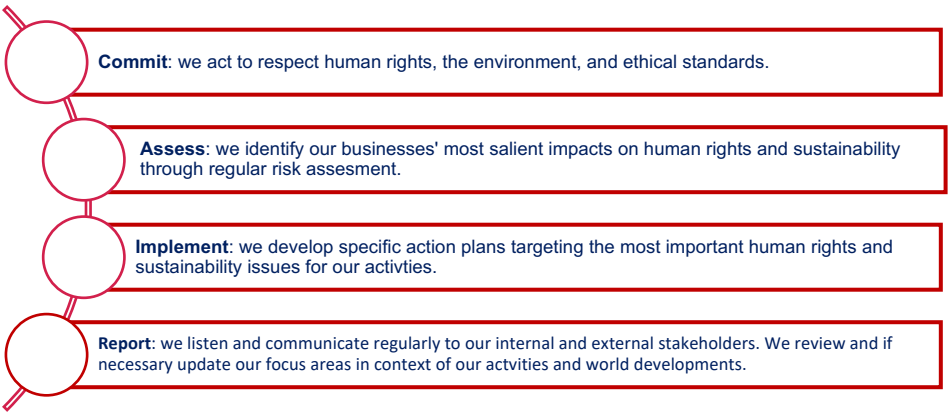
We promote TRANSPARENCY in the execution of our professional practices.

We create an environment of CONFIDENTIALITY, which allows employees to report behaviors in a confidential manner.

## **Our Approach:** how do we live Our Principles?

*Commit, Assess, Implement, Report* – our consistent approach to maximising our positive impact is inspired by the UN Guiding Principles on Business and Human Rights. We are committed to respecting human rights, the environment, and ethical standards. At the same time, we recognise that our activities have greater impacts in some areas over others. To address the most important human rights and sustainability issues for our business we identify what they are through regular risk *assessment*; *implement* specific action plans; *report* on our efforts to help us review what areas to focus on.

EXAMPLE DIAGRAM



## **Scope**: who do these Principles apply to?

Our Principles define us. First and foremost, they apply to all employees of the Air France-KLM Group, including part-time and temporary contracts. They serve as a shared foundation for all companies of the Group and support further policies, procedures, rules, and Codes of Conduct. An equivalent high ethical standard is required from all third parties we engage with, suppliers and business partners included. We actively promote our expectations throughout our supply chain through regular communication and specific processes.

Overall, our Principles affect all Air France-KLM stakeholders in some shape or form – we encourage all our customers, shareholders, business partners, and local communities to engage with them.

## **Our Ethical Check**: bringing Our Principles to life

We are all responsible for creating a company and society we can take pride in. Our respectful behaviour strives to create a safe and productive work environment; and we hold each other accountable which means: we are open, communicate our concerns, and listen to each other.

Our Ethical Check is a set of hypothetical questions designed to guide your ethical decision-making. Ask yourself these questions regularly to 'check' your behaviour is safe, legal, and reflects well on our company. They do not replace internal structures; you should always speak to your manager and colleagues. We use common sense – if we are uncomfortable with a decision or aren't sure how to proceed we ask for help.

1. Am I following applicable regulations?
2. Am I respecting the safety, security and wellbeing of others or myself?
3. Would I be comfortable explaining this action to my family, friends, and co-workers?
4. Would I be comfortable if it was made public to our customers and investors (discussed on television, published in a newspaper)?
5. Would I be comfortable with someone else behaving this way?

If you reply 'No' to any of these questions, don't move forward on your own. Ask your colleagues and manager for guidance and rethink your next steps together.

## **Our Commitments** to globally-recognised standards

Our sense of responsibility translates into firm commitments to national, regional, and global standards on human rights, ethics, and sustainability. As signatory and participant of the United Nations Global Compact since 2003 we strive to integrate the ten principles throughout our business activities and strategy. We are likewise inspired by the United Nations Sustainable Development Goals and dedicated to making our contribution. Our Approach is aligned with these shared standards and updated regularly according to world developments.

We respect and protect human rights as described by the Universal Declaration of Human Rights and the International Labour Organisation's Conventions on Fundamental Principles and Rights at Work. We work with internal and external stakeholders to stay current on ways to improve.

## **Diversity & Inclusion**

We have zero tolerance for any form of discrimination and unequal treatment. We do not discriminate, disadvantage or harm others on the basis of any distinction including *race, sex, national or social origin, religion, age, disability, sexual orientation or gender identity, trade union memberships, political or other opinion*. Bullying, harassment, and any other harmful behaviour which stems from discrimination has no place within our Group and our corporate culture.

We have zero tolerance for any form of harassment, whether of a sexual, verbal, physical, or psychological nature. We are committed to increase the awareness of protection and improve prevention measures. Moreover, we recognise that genuine diversity not only means guaranteeing equal opportunities but also actively empowering minority groups and individuals.

When Air France-KLM was born in 2003 it brought together three exceptional airlines (Air France, KLM and Transavia), subsidiaries and a uniquely diverse group of people all over the world. Our multicultural spirit has defined us in our industry and enabled us to meet the needs of our customers worldwide. We have never ignored our differences – rather, we celebrate and draw them out. Leveraging our diversity has been the key to our success.

We believe that a truly diverse and inclusive company takes commitment and dedicated work. We want our company to accurately reflect society. Consistent assessment of how we are doing in all levels of our organization allow us to develop clear objectives to improve. We celebrate our differences by learning and listening to each other. We fundamentally believe that our teams and business thrive when they bring together different perspectives.

*Diverse by design –connecting people and cultures from around the world.*

## Health & Safety

Safety is integral to everything we do. It is our number one commitment to ourselves, each other and our customers. Safety goes beyond the normal expectations – it means working in an environment prioritising each other's wellbeing. In the air and on the ground we meet the highest air transport standards worldwide. Our strong safety management system is the result of a rigorous and organised structure combined with a caring culture.

*Safe* describes our work environment. As employees of the Air France-KLM Group we commit to each other that our actions will not harm or make others feel unsafe in any way.

It is our collective and individual responsibility to bring our best selves to work every day. To this end we prioritise our health and a good work-life balance through various programs, benefit schemes and support systems.

## Working conditions

Our world and industry are constantly changing. As pioneers, we welcome change, stay agile and adapt our practices. Working at Air France-KLM is an opportunity to embody this ethos of life-long learning. We invest in skills development and training. The remuneration and working hours of employees comply with local legal and contractual standards.

## Freedom of association, collective bargaining and social dialogue

We respect our employee's freedom of association and right to collective bargaining by actively engaging in social dialogue. In accordance with the law, our employees have the right to join, form, and participate in trade unions, employee organizations and representative bodies, without fear of reprisal. We are committed to enhancing our social dialogue worldwide through inclusive, honest, and transparent communication. Their application is a combined effort with local labour unions, local representative bodies and the European Works Council and represents our authentic commitment to work side by side.

## Environment

We are committed on a daily basis to reducing our environmental impact and offering our customers a responsible travel experience. We are therefore stepping up our commitments and setting ambitious targets to reduce CO2 emissions for flight and ground operations and reducing non-recycled waste from the cabin and ground activities. We continue minimizing noise hindrance and reduce other local emissions.

Our environmental responsibilities are met by our Climate Action Plan to reduce our carbon footprint:

- Fleet modernization and contributing to aeronautical research
- Sustainable Aviation Fuel and participating in research into renewable energies
- Operational measures, such as applying eco-design principles, weight reduction projects, and route optimization
- Supporting the implementation of the global climate agreement (CORSIA) with a fair contribution for aviation
- Regulatory and proactive offsetting
- Supporting environmental programs
- Carbon offsetting for customers

We commit to contribute to the United Nations Sustainable Development Goals.

## Local communities

We are committed to respecting the local communities in proximity of our business activities.

We take local actions to minimise the impact that our activities may have on local communities.

We are conscious of each other's differences and relationship to property and land. In order to foster positive social and economic relationships we consistently engage in dynamic dialogue with people living and working near our operations. Our Paris and Amsterdam hubs are vibrant centres of economic activity. We leverage our unique position to empower people through employment and trade opportunities.

Beyond our businesses we are proud to support social initiatives around the world as well as the work of the various societal initiatives of Air France, KLM , Transavia and other subsidiaries.

## Modern Slavery and Human Trafficking

We strongly condemn all forms of Modern Slavery (for example forced labour or child labour) and commit to doing our part in its elimination. Respect for human rights and the absence of modern slavery is included in the due diligence process with suppliers. In line with IATA's 2018 resolution on combatting human trafficking, we work with a variety of stakeholders, including local authorities and governments. Through information and awareness campaigns, our employees are able to help identify and report potential human trafficking situations.

## Privacy and Digital Ethics

Respect, Trust, Transparency and Confidentiality form the foundation on which we operate. Respecting the privacy and protecting the information of our employees and customers is imperative. We comply with national, regional, and international regulations on privacy and personal data management.

Digitalization offers immense possibilities for us to improve the experience of our customers and employees. We stay at the forefront of digital developments by simultaneously leveraging these opportunities and considering their ethical implications. Fostering an open dialogue allows us to exchange ideas on topics including, integrating diversity in the design process and considering the environmental impact of our information systems. Our dynamic approach to digital ethics reflects our commitment to continuously improve.

## Business Ethics

We do not compromise on our business ethics and compliance with laws and regulations. The policies and procedures in place at Group and airline level provide detailed guidance on compliance. Our individual and collective behaviour reflects on Air France-KLM as a whole and we are each responsible for staying aware and up to date on what is expected of us. Our Business Ethics are a fundamental part of our shared Principles and must be rigorously applied to our operations.

### Anti-Bribery

It is strictly forbidden to offer or accept bribes to influence decision making. It is also prohibited to use your influence or request someone to use his/her influence for obtaining or retaining business.
*Find out more:*

- AFKL Anti-Bribery Manual
- AFKL Gift & Hospitality Policy

### Lobbying

We openly engage with public authorities to explain the constraints and benefits of our activities and promote our mutual interests. While carrying out these activities, we adhere to internal and external laws and regulations. Any relationship with public authorities for lobbying purposes must be made aware and supervised by the relevant manager.

### Insider Trading

Company information needs to be treated responsibly. This especially applies to inside information that can have a significant impact on share prices or that can be misused for personal gain. *Find out more*:

- AFKL Compliance rules regarding securities trading

**Fair Competition & Anti-Trust**

We comply with the competition laws which apply to our highly competitive environment.
*Find out more:*
- AFKL Competition Law Compliance Manual

**Conflicts of Interest**

We avoid situations where private interests work against or may appear to oppose the interests of the Air France-KLM Group.
*Find out more*:
- AFKL Anti-Bribery Manual

**Trade Restrictions, Export Control & International Sanctions**

We comply with measures taken by the authorities to restrict the proliferation and/or use of some goods or services (export controls) as well as restrictions or bans on their delivery to certain countries, organisations and/or individuals (trade restrictions).

**Communication & Advertising**

Our culture of trust requires honest internal and external communication. We do our utmost to provide accurate information and refrain from false or misleading statements.

**Fraud**

It is prohibited to engage in fraudulent activities, which we describe as any act that intentionally deceives or misleads others mainly to obtain an unjust or illegal advantage that (eventually) could lead to a disadvantage for the company.

## Third Parties

We expect a high standard of ethical behaviour and respect of human rights from all third parties we work with. Our Principles represent our values and must be respected throughout our supply chain. All Air France KLM employees interacting with suppliers and sub-contractors are dedicated to making this a reality and continuously develop our sustainable approach to Procurement.

We conduct risk assessment and due diligence to ensure that our business partners reflect sustainable practices, respect for human rights, and ethical conduct. We also reserve the right to perform on-site sustainability audits and request our suppliers to complete Corporate Social Responsibility self-assessments. Our new and existing

business relationships are evaluated according to these criteria. We work with them and external bodies to achieve our sustainability and human rights goals together.

## Application and Governance

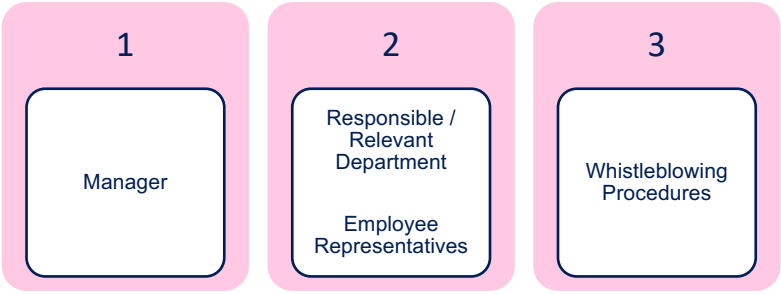
Our Principles define us. The meaningful impact we seek to create requires commitment and follow-through. By virtue of working for Air France KLM we pledge to bring these Principles to life.

*To lead by example* is important to us. Carried at the most senior level, the Air France – KLM Board of Director's Sustainability and Compliance Committee oversees and guides the application of our Principles. Working with the CEO committee, they set and review the Group's strategy on sustainability, human rights, and business ethics. Monitoring our Principles is a joint responsibility with the EWC, who annually review their effectiveness and any outstanding cases. Consistent with our values and dedication to continuous improvement, we openly report internally and externally on our progress.

### Communication

Living our Principles requires consistent and clear communication at all levels of our organization and supply chain. Understanding these Principles is vital to their effectiveness. We promote awareness by, for example, information campaigns, but not limited to, and encourage open discussions on ways to improve and implement these values in our day-to-day business.

**Implementation:** *Reporting your concerns*




1. **Manager** – The first point of contact to make a report is your hierarchical manager.
2. **Escalation point :**
    - **Responsible / Relevant Department** – If reporting to a hierarchical manager is impossible or undesirable, individuals may also submit their reports to a relevant department or the Compliance Officers. Certain Principles have specific reporting mechanisms in place for which detailed information can be found in the applicable policy. (e.g. Human Resources, Compliance Office, Procurement, Data Protection Office).

- Company Employee Representatives in countries where it exists, or as a last resort individuals can contact the Select Committee of the European Works Council.

3. **Whistleblowing Procedures** – In exceptional circumstances a report can be made using the Whistleblowing Procedures available on the airline's online portal.

Prior to opening a case, individuals are encouraged to follow the escalation process mentioned above.

We listen to each other openly and without prejudice. Creating an atmosphere of tolerance and transparency is our priority. We therefore encourage our colleagues to speak up about their concerns. It is important for us to have clear and easy reporting channels.

Many of our Principles are detailed in policies and documents with specific reporting mechanisms and procedures. The resources are available on our external corporate websites or internal intranet platforms. Employees are encouraged to make use of these.

**Retaliation**

Transparency and Trust are intrinsic to our corporate culture and crucial to the effectiveness of our Principles. We do not retaliate against those reporting their concerns using this structure. Any case brought forward shall be dealt with fairly and confidentially.