



Royal Dutch Airlines

KLM CODE OF CONDUCT

March 2007

INTRODUCTION

KLM Royal Dutch Airlines and its subsidiaries (jointly “**KLM**”) value the reputation of being a reliable airline. Being a reliable airline means integrity in conduct and excellence in operating businesses.

This KLM Code of Conduct (the “**Code**”) contains rules relating to KLM operating its businesses and to working with KLM. The Code is designated to set a conduct standard and to provide guidance to the members of the Supervisory Board of KLM Royal Dutch Airlines (the “**Supervisory Board**”), the Board of Managing Directors of KLM Royal Dutch Airlines (the “**Board of Managing Directors**”), the KLM executives and any and all other KLM employees, including hired staff, (all of the persons mentioned above will hereinafter individually and together be referred to as the “**employee**” or “**employees**”) in complying with ethical and legal obligations. Doing business in an ethical manner is vital to KLM’s reputation and success.

The standards and guidelines in the Code are and may be further implemented by category-specific policies and procedures as referred to throughout the Code. These policies and procedures form an integral part of the Code. The Code will be reviewed by the Board of Managing Directors on a regular basis and revised if necessary.

The Code does not replace or limit any obligations placed upon employees by their (collective) labour agreement and/or applicable laws. The Code cannot address in detail every possible problem or decision. Good judgement, integrity, sensitivity to what is right and a strong desire to do nothing that violates the (spirit of) the Code or might bring discredit upon KLM will be the main sources of guidance.

QUESTIONS

At any time, including before taking any action or making a (business) decision, that you have any questions concerning the contents, clarification, guidance and assistance with regard to this Code, please contact KLM’s Compliance Officer, the Company Secretary (AMS/DS), KLM’s Privacy Officer (AMS/PI) or KLM’s Legal Department (AMS/DJ). Do not be afraid to ask, if you are uncertain what to do.

(OCCUPATIONAL) SAFETY, SECURITY AND HEALTH

Safety and security is KLM's first priority. KLM is to ensure the safety of the customers and the safety, health and welfare of employees at all times and employees are to ensure the same vis a vis their co-employees. All employees should comply with safe work practices, rules and regulations, including but not limited to those laid down in internal manuals, and should take sufficient time to work safely, no matter how urgent the project.

COMPLIANCE WITH LAW

KLM is committed to operating its businesses in compliance with law. Employees are required to observe and comply with all applicable laws, rules and regulations, including internal rules and regulations. No employee is authorised to deviate from this requirement.

BUSINESS INTEGRITY

KLM expects its employees to uphold at all times the highest ethical standards. Each employee is responsible for complying to all KLM policies, including specific KLM guidelines. It is prohibited to perform any activity that may cause damage to KLM, both with respect to costs (use of KLM assets and loss of productivity) and with respect to KLM's reputation.

KLM will not accept any form of corruption, extortion or bribery. Payments of commission may only be made to such persons in and in such jurisdictions where these payments are considered lawful.

Employees are not allowed to accept from or give to any supplier, customer or other person doing business with KLM gifts, loans, services, hospitality or entertainment reasonably considered excessive. Any gift, loans, services, hospitality or entertainment that could create obligations or unduly influence a business decision is beyond reasonable limit.

Within the boundaries set by KLM's collective labour agreements (as applicable at any time) KLM requires that employees avoid situations that may involve them in a conflict of interest between their private interests and the interest of KLM. If an employee believes there may be a conflict of interest, the employee must first check this with his/her direct management and, if not answered satisfactory, report

the conflict in writing to KLM's Compliance Officer. A conflict of interest may exist in the event of direct or indirect involvement or management in business activities that compete with KLM or with entities that have a business relationship with KLM.

INTEGRITY OF FINANCIAL RECORDING

KLM's books and records must be maintained accurately, in reasonable detail, in accordance with generally accepted accounting principles and as instructed in applicable manuals. Employees must cooperate with KLM's internal and external auditors, and no employee may take any action to influence, coerce, manipulate or mislead any such auditors.

No records or information will be manipulated for the purpose of altering or distorting business results, and no deliberate misrepresentation or false or inaccurate entries will be made for any purpose. There will be no deviations from full and fair reporting on KLM's financial condition. A *Financial Whistleblower* policy is in place, enabling employees to report on any violations of the above principles to the specifically designated Compliance Committee. Also, reference is made to the *Code of Ethics for the Financial Officers*, a set of rules that applies to a specific category of employees.

CONFIDENTIALITY

KLM considers any information used for the purpose of operating its businesses an (intangible) asset that should be protected against loss, infringement and improper use and disclosure. Therefore, during employment and following termination thereof, employees must maintain the confidentiality of non-public, proprietary information entrusted to them by KLM, its customers or its suppliers and use that information only to advance the business interests of KLM, except where disclosure or other use is authorised by KLM or legally mandated. In this respect, reference is made to the KLM corporate guidelines regarding dealing with classified information such as *Dealing with information Securely* ('*Veilig omgaan met informatie*').

COMPETITION COMPLIANCE

KLM shares the objectives of competition law. It is KLM's policy to support the principle of free market competition and to make its own commercial decisions, independent of understandings or agreements with competitors. KLM therefore requires that employees avoid all conduct that violates the antitrust laws, including understanding or agreements between competitors regarding prices, terms of sale, division of markets, allocations of customers or any other activity that restrains competition, whether by sellers or purchasers. Reference is made to the *Competition Law: Do's & Don'ts* and the *Competition Policy*.

PROTECTION AND PROPER USE OF KLM ASSETS

All employees should protect the assets of KLM and ensure their efficient use. Theft, carelessness and waste have an adverse impact on KLM's reputation and KLM's profitability. KLM assets may only be used for legitimate KLM business purpose and to achieve KLM's goals. They may not be used for personal benefit.

ENVIRONMENTAL PROTECTION COMMITMENT

KLM is committed to investing in environmental care that goes beyond regulatory compliance and aims to develop eco-designed services, through thoroughly analysing all sites and processes in search of opportunities to improve KLM's environmental performance. In addition, KLM endeavours to introduce or use the best available technologies and procedures in fleet renewal and operations to disconnect the impact of growth on the environment. In such respect, KLM adopts a responsible approach to limiting global emissions of Greenhouse Gases. KLM encourages awareness and promote creativity by supporting innovative projects that improves the environmental performance. Reference is made to the *Air France-KLM Corporate Social Responsibility Statement*.

SOCIAL RESPONSIBILITY

With reference to the *UN Global Compact* KLM is committed to building a socially responsible KLM on an international scale and to support the protection of human rights and make sure that KLM is not complicit in human rights abuses. All forms of forced and compulsory labour and child labour are therefore eliminated. KLM offers safe, decent, and stimulating working conditions. Harassment can and will not be tolerated. Every KLM employee will have equal opportunities. KLM will provide a discrimination-free work environment and will not tolerate any form of discrimination. Reference is made to the '*Klachtenregeling Ongewenste Omgangsvormen*', which provides for the possibility to report to a trusted representative and a complaints committee specifically designated for such purposes. KLM suppliers are requested to adhere to the *UN Global Compact*.

KLM fosters employability and mobility through personal development and by enhancing skills. KLM strives to promote diversity and pursue social dialogue as a guiding principle. The employees' freedom of association and the (effective) right of collective bargaining are recognised.

COMMITMENT TO STAKEHOLDERS

KLM is committed to developing trust with all its stakeholders by means of acting open and honest and by living up to commitments and taking responsibility for actions. KLM strives to conduct its operations

in accordance with the highest standards of internationally accepted principles of good corporate governance. KLM will systematically account for its economic, social and environmental results. KLM proactively pursues dialogue, notably with local authorities, neighbours and customers.

Finally, KLM is actively involved in setting international standards for a responsible air transport industry. KLM expects her suppliers, and employees as well as all others who are committed to building a responsible air transport industry, to endorse the commitments of this Code of Conduct.

INTELLECTUAL PROPERTY

KLM expends a great deal of time, effort and money to protect KLM's intellectual property. KLM is sensitive to issues regarding the improper use of KLM's intellectual property and avoiding the improper use of intellectual property of others, including but not limited to copyrights, trademarks, trade secrets and patents. In fulfilment of KLM's legal obligations with respect to intellectual property rights, KLM adheres and requires its employees to adhere to copyright laws, including the application of those laws to copyrighted work in print, video, music, computer software or other electronic formats. Employees are not allowed to make any unauthorised reproduction of any copyrighted work.

EXCEPTIONS TO THE CODE OF CONDUCT

In certain situations, an exception to the Code, or the special handling of a particular matter may be called for. Generally, requests for exceptions must be submitted in writing to KLM's Compliance Officer. Approvals will also be in writing and must be obtained in advance of the action requiring the exception. Any exceptions to the Code for executives may be made only by the Board of Managing Directors or the Supervisory Board, in case of members of the Board of Managing Directors.

REPORTING VIOLATIONS

Violations of, including concerns about possible violations of, the Code are to be promptly reported to direct management. The category-specific policies and procedures as referred to throughout the Code may include specific provisions on procedures for reporting violations. Any such specific provision prevails over reporting to direct management under this Code. Any details supplied at the moment a (possible) violation is reported will be handled strictly confidential. With reference to the Dutch Personal Data Protection Act ('Wet Bescherming Persoonsgegevens') based on EU directive 95/46/EC, no personal details will be disclosed. KLM will not allow retaliation against an employee that has reported a (potential) violation in good faith.

CONSEQUENCES OF FAILURE TO COMPLY WITH THE CODE

It is the responsibility of each employee of KLM to be familiar with the Code and to abide by it. Employees who do not, will be(come) subject to appropriate disciplinary measures, including, where appropriate, dismissal. This notwithstanding any further civil or criminal action that may be taken.

IMPLEMENTATION AND AWARENESS

Employees are provided with a copy of this Code. The Code is also available via a specifically designated site/tab on KLM's portal. An information program to create awareness and to address the importance of adherence to the Code is in place. Management is responsible for ensuring that every employee under their supervision is aware of this Code and the obligation to report any violation promptly.

HOW TO ACT AND CONDUCT IN ACCORDANCE WITH THE CODE

Employees are suggested to being attentive to a situation in which ethical or legal issues have arisen. In such situation, to think before taking action, consider options, question whether others can be affected and ask for guidance if necessary are essential. In deciding what course of action to take, we suggest employees to re- read this Code and to test whether the decision is aligned with the contents of the Code.