



| Air France-KLM Administrator's Newsletter

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Representative of the employees and former employees shareholders PS and PNC

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Editorial

Dear readers,

Due to current events, this Flash, initially dedicated to the election of the Air France-KLM director representing employees and former employees who are PS and PNC shareholders, deals first with the announcement of the departure of Pieter Elbers, CEO of KLM.

Concerning the election that starts this Friday, I am a candidate for my succession. You will find [here my profession of faith](#), summarized at the end of this Flash.

I would like to thank you once again for your loyalty and support

François

News of the day

> Thunderclap at Air France-KLM: Pieter Elbers leaves the helm of KLM!

(source La Tribune) January 13 - **This is one of the biggest announcements in the history of Air France-KLM.** An earthquake

that affects one of the most emblematic figures of KLM, the powerful Dutch subsidiary of the group. A personality recognized worldwide in the air transport industry for his high-flying performance, but who also symbolizes the tensions that have plagued relations between KLM on the one hand, and its parent company Air France-KLM and Air France on the other for several years. (...) **Pieter Elbers, 51, chairman of the board of the Dutch company since 2014 will leave the company.** His third term will not be renewed and he will leave the carrier at the end of his current term, which runs until 2023.

(...)

The departure of Pieter Elbers could even be anticipated if his successor is appointed before this deadline, argues a person close to the case. Officially, the succession process is starting.

(...)

Because if the announcement has the effect of a bomb today, it has nevertheless been prepared behind the scenes for many months. Since last spring, tumultuous negotiations between the various parties involved (the group's management, the board's appointments committee, the Dutch state and Pieter Elbers, who has been open to a departure from the beginning) have constantly postponed the announcement of the decision, which was initially expected last July, before being postponed to the end of last year, and then to the beginning of this year.

It is clear that **this departure has its origins in the strained relations between Pieter Elbers and Ben Smith**, the Canadian CEO of Air France-KLM, since the latter was appointed head of the group in August 2018.

(...)

From the beginning, the current did not pass between the two men. As much for ego issues as for strategic differences on the functioning of the group, between a vision of further integration advocated by the Canadian, and that of an autonomy of KLM defended by the Dutchman. Indeed, **internationally recognized by his peers for the successful transformation of KLM, Pieter Elbers** (who had refused to take the reins of Air France-KLM before the position was offered to Ben Smith) had **difficulty accepting not only the authority of the Canadian, the little-known number 2 of a company smaller than KLM** (Air Canada), but also his desire to fully play his role as big boss of Air France-KLM. A vision that could only be opposed to that of Pieter Elbers, a staunch defender of the Dutch company's autonomy, who ensured that KLM remained an impregnable fortress for Air France-KLM.

Symbolized by the refusal to allow the Air France-KLM boss to sit on the KLM board, **this attitude also reflected KLM's distrust of the parent company**, a French-registered holding company often accused by the

Dutch camp of protecting French interests. This desire for autonomy also reflected the fear of being bound hand and foot to the French company. The chronic financial difficulties of Air France since 2008 and the multiple strikes that affected the French company between 2014 and 2018 (they cost nearly one billion euros), had reinforced the deep-seated conviction within the Dutch company to distance itself from Air France.

This war of leaders reached its climax in early 2019 when it led to a psychodrama at the time of the renewal of Pieter Elbers' second term at the head of KLM. Threats of a non-renewal of the Dutch leader set off the fire in the Netherlands.

The response has been violent. KLM employees, politicians, the press and a part of the public opinion rallied as one behind the soldier Elbers. Above all, **it pushed the Dutch government to launch an incredible stock market raid in the greatest secrecy, in order to take over 14% of Air France-KLM's capital**, a level equivalent to that of the French government. The Hague's objective: to have as much influence on the group's strategy as the French state. However, this blitzkrieg ended like a sword in the water: it did not prevent Ben Smith from joining the KLM supervisory board.

While the Covid crisis led each state to protect its own company, the tensions did not dissipate. Tired of this situation, Pieter Elbers showed himself open to leaving last year.

(...)

Is Pieter Elbers' departure a good thing for Air France-KLM? Between those who believe that it is necessary to keep the best people at all costs and those who remind us that it is necessary to get rid of any employee who is detrimental to the group, whatever his or her value, opinions are bound to be divided. **The group will indeed lose a huge skill, a recognized and appreciated leader at KLM and in the Netherlands.**

Appointed in 2014 to head KLM, where he spent his entire career, Pieter Elbers has magnificently succeeded in transforming the Dutch airline. Already very profitable, KLM has become even more so under his watch as the competitive environment has become tougher with the rise of the Gulf carriers and low-cost carriers.

But despite this excellent track record, **his departure will inevitably be seen by many as a good thing for the future of Air France-KLM, since it may remove the main obstacle in their eyes to further integration between Air France and KLM, and enable synergies to be generated and to be more efficient.** The task will not be easy. For Pieter Elbers' positions are widely shared within KLM.

> KLM boss dismissed by Ben Smith

(source Libération) January 13 - In a hushed but relentless manner, **the confrontation had been going on for months**. At the head of Air France-KLM, the third largest European airline (75,000 employees, 11.1 billion euros in revenues in 2020 and 554 aircraft), **Benjamin Smith was at odds with Pieter Elbers**, the head of the Dutch national airline KLM, which merged with Air France in 2004.

(...) According to

information from Libération, the holding company that oversees the two companies should announce that **Pieter Elbers will not be renewed for a third term at the head of KLM and that a successor is already being sought**.

In the diplomatic language of business, this type of formula means that the executive is leaving, not really of his own free will, and that discussions about his severance package will now begin. This dismissal is the culmination of a conflict that has been brewing for more than two years. On one side, the group's boss, the Canadian Benjamin Smith, appointed in the summer of 2018 to turn around Air France in poor shape against KLM. On the other Pieter Elbers, who has always looked down on this larger French sister, more powerful in terms of revenue and number of aircraft, but with a much more modest financial performance. **In fact, the KLM boss has always preferred to play solo rather than seek cooperation with Air France. He was supported in this by the Dutch government, which was anxious to preserve the identity of KLM, the country's leading private company, in the face of Air France's perceived imperialist ambitions**. The two men never got along and differences quickly developed on all key issues.

In 2019, a first attempt to sideline Pieter Elbers was led by Benjamin Smith. It failed because he did not succeed in being co-opted onto the KLM Board of Directors, which has decision-making powers in this area. Coincidence or coincidence? A few weeks later, and without telling anyone, the Dutch government bought 14% of Air France-KLM's capital on the financial markets, so as to be on the same level as the French state. At the time, the French government moderately appreciated what seemed to be a strong response to Elbers' attempted dismissal. This time around, things have changed. Benjamin Smith has succeeded in joining the KLM supervisory board and has been able to convince a number of directors to follow him on this change.

Especially since the health crisis has come and gone. It has seriously affected air transport. Air France-KLM received a 4 billion euro government-guaranteed loan and 3 billion euros in direct aid. The

company is preparing to launch a capital increase of 1 billion euros to cope with an activity that represents 75% of that before the pandemic. Contacted by Libération, the management of Air France did not wish to comment and simply indicated that a press release would be issued after the closure of the Paris Stock Exchange.

My comment: *A change of leadership at the head of a large company is an important event.*

The departure of KLM's CEO was proposed by KLM's Supervisory Board (the equivalent of the Board of Directors) on January 10.

It was ratified by the Air France-KLM Board of Directors on January 13.

I will not comment on what has been written here and there about the relationship between two of the three leaders of the Air France-KLM group and its main subsidiaries, Air France and KLM.

However, I would like to acknowledge that Mr. Pieter Elbers has been an excellent manager of KLM. I salute his attachment and loyalty to his company.

It is now up to KLM and Air France-KLM to find a successor, either from within the Group or from outside.

The task of the future CEO of KLM will be difficult. He or she will take over the reins of an airline that was performing very well before the health crisis.

Now, the context is different.

- Environmental pressure has increased significantly over the past two years.*
- Schiphol, the main airport of KLM and Transavia Netherlands, is saturated with no hope of change in the near future.*

KLM's new CEO will also have to deal with a new government in the Netherlands, which came to power on Monday 10 January.

A notable change has taken place: the former Minister of Finance, Mr. Wopke Hoekstra, a liberal, has been replaced by Ms. Sigrid Kaag, the leader of the green party D66. The new government is expected to change its environmental policy, and new constraints could be imposed

on KLM.

Special Director 2022 Election



> Election of the representative of Air France-KLM PS/PNC employees and former employees shareholders

The **vote** to appoint the next two representatives of Air France-KLM employees and former employees shareholders, one for the pilots and one for the ground staff and cabin crew, **starts this Friday, January 14.**

Who can vote? Employees (and former employees) who own :

- **directly in Air France KLM shares** from the ORS or ESA transactions, **managed in registered form by Société Générale,**
- **or in units in** one or more mutual funds specific to the Air France group (**Concorde, Majoractions, Aeropelican**).

Everyone will vote in the college to which they belong (Pilot or PS/PNC).

If you are concerned, you should have received the voting material at home (by mail or by post). It contains your identifier, your personal code and a note on how to use the voting website. Keep it carefully until the end of the possible second round (until February 15).

You will be able to vote by Internet from Friday, January 14, 2022 at 9:00 am to Friday, January 28, 2022 at 2:00 pm.

My comment: *If you are part of the electorate and you have not received your voting material, you should contact 0800 10 12 30.*

Attention: beforehand, think of checking on the Natixis or Société Générale website that you still own shares in the Concorde, Majoractions, Aeropelican funds.

I advise you to send the letter by e-mail rather than by post.

You will find on my site the contacts of [Natixis](#) and [Société Générale](#).

> A requirement at your service

I am running for your vote with Nicolas Foretz, PNC, as my replacement.

For your information, the electoral code states that *Each candidacy must include, in addition to the name of the candidate, the name of his or her possible replacement, who will complete the mandate if the elected representative leaves the Air France-KLM company.*

This is not a "substitute" role, which can represent the elected representative according to the schedule: it is a question of taking over the mandate of the elected representative if he or she is unable to assume it, as his or her link with the Air France-KLM company has been severed. "In the event of a vacancy, this replacement is made for the remainder of the term of office by the alternate identified at the time of appointment by the employee shareholders", in accordance with the Articles of Association.



> Our objectives for this 4-year term

- To continue my work on the Air France-KLM Board of Directors with conviction and a sense of purpose. I can count on Nicolas' support.
- To share with you every Monday the latest news on air transport via the Air France-KLM Directors' Newsletter.
- Enrich and promote the navigation.com website, a mine of information for employees and former employees who are shareholders.
- Promote a capital increase reserved for employees and former employees.
- Convince our managers of the value of restoring the matching contribution when employees invest their profit-sharing bonuses in AF-KLM shares.
- Continue our work on sustainable aviation in conjunction with the Air France-KLM Sustainable Development teams, the CSR Committee of the Air France-KLM Board of Directors and the OMNES association.

> My Balance Sheet

I have been your representative on the AF-KLM Board of Directors for five years. Throughout my term of office, and especially during the health crisis, I have endeavored to :

- to inform the eighteen other directors and the management team on the options available to us, by providing a long-term vision,
- to provide knowledge of the company in the broadest sense (employees, shareholders, business sectors, unions, etc.),
- to influence the final decisions.

With the members of the **Compensation Committee**, „I study the specific conditions and benefits of our executives. As the representative of the largest group of employee shareholders, I present the diversity of your points of view to this body. I advocate the weighting of the variable part of their remuneration by introducing social criteria favorable to employees.

As a member of the Audit Committee, I examine the Group's financial statements with a select committee of directors, and I monitor the effectiveness of the internal control and risk management systems.

> **My activity within OMNES**

I co-chair **OMNES**, an association that organizes seminars for the group's trade unionists. During the health crisis, **we worked on the concept of Sustainable Aviation**. In particular, we published a dozen infographics presenting solutions leading to reductions in CO2 emissions (see my [Letter 835.htm](#)).

With a group of enthusiasts, I participated in the creation of the Sustainable Aviation Observatory, announced by the Minister of Transport on December 10, 2021. The observatory will work on the effects of air transport on global warming and on the actions implemented at national, European and international levels to decarbonize the sector, with the help of actors and observers of the sector.

You can ask me your questions by writing to me: [message for François Robardet](#)

I thank you for the wishes you have sent me and for the confidence you have shown me through your messages.

If you enjoy my Newsflashes and Letters, please pass

them on.

New readers will be able to receive it by [giving me](#) the email address of their choice.

| François Robardet

Director of Air France-KLM representing the employees and former employees shareholders of PNC and PS.

You can find me on my twitter account @FrRobardet

When I was elected, I received the support of the CFDT and the UNPNC. This message deals with subjects related to the Air France-KLM shareholding.

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To reach me: [message for François Robardet](#). 10992 people receive my communications online