



Moving Your World
Our KLM story



Why our KLM story?

We are able to look back on a rich history that we can be proud of. We are currently experiencing major changes, which should improve our position and that of the AIR FRANCE KLM Group, so that we continue to be a leading European airline group. We'll hold on the good things from the past, change what no longer works and build a new KLM on those foundations. A KLM in which we link our employees and our brand with our customers. This KLM story is the link between our past, our present and our future. We want to share this story with you for internal use, so that we have a common starting point, which should enable us to develop our future in a goal-oriented manner.

Our Story



1919
'Royal Dutch Airlines for the Netherlands and its Colonies' (KLM) was founded by representatives from industry and the banking sector. Queen Wilhelmina granted KLM the Royal predicate when it was founded.



1920
First KLM flight. Pilot Jerry Shaw flew a rented DeHavilland DH-16 from London to Schiphol.



1924
The first transportation of a large animal, a bull called Nico, from Rotterdam to Paris. In 1920, KLM already transported bees.

Continues



1924
Departure of the first intercontinental flight, Amsterdam-Batavia.

Dream

From Dream to Future

KLM's history is one of dreams, pioneering and connecting. The big dream of KLM founder Albert Plesman (1889-1953) was of an airspace that connected all people, based on the idea that people are naturally curious and want to discover the world.

On 7 October 1919, that combination of dreams and pioneering resulted in the foundation of Koninklijke Luchtvaart Maatschappij voor Nederland en Koloniën N.V. (KLM), of which Plesman was firstly its administrator and later its director.

Nowadays, this dream of Albert Plesman, "The ocean of the air connects us all", is both wonderful and applicable. The 'bridges in the air' connect people all over the world with one another. Thanks to these bridges in the air, people and products are able to move all over the world.

In 2015, you can board a plane in Amsterdam in the morning, and arrive in Sao Paulo the same afternoon. From one side of the world to the other. Or from Trondheim, Norway to Little Rock, Arkansas, USA, on the same day in 17 hours. Literally from one world to the other. *Moving your World.*

Every day we welcome 75,000 passengers and 1300 tonnes of cargo on board our planes, on their way to their dreams and goals. Every day, our planes are prepared to take off safely. That is what KLM makes possible. But we enable more than just the journey. After all, others are able to do that too.

As KLM we can make the difference for our customers with our colleagues. The experience, the emotion, our customers' interaction with our front-line staff is what impresses or "moves" people. That is where KLM makes the difference.

We are KLM for you.



Dear colleagues,

Together with many colleagues from different departments, we have taken a close look at our customers and therefore also our reason to exist. We want customers to feel recognised and acknowledged at KLM. That it is easy to contact us, book with us and fly with us. We want customers to feel at ease with us and impressed by the attention we give them. That is why we have defined our purpose (our reason for being) as follows: **Moving your World, by creating memorable experiences.** This is not an order or an objective, but the basis of our strategy for the coming years.

Thanks to our care, attention and exceptional service, we make the difference for many of our customers. We make ordinary service unique. And unique service is ordinary to us. At KLM, it is our customers who have made us big. We have taken them to where they wanted to fly. All those years, we have done a lot of good things. It is now time to hold onto all the good things that have made us big and to improve ourselves, to ensure that the customer continues to choose us.

Frequent travellers, regardless of where in the aircraft they sit, for business or leisure. Customers who know that if they have a problem, we can solve it better and faster than anyone else. Or customers who trust us with their animals because they know that we will really care for them. Even customers who book KLM occasionally and sometimes accidentally will choose us more frequently if we impress them with our 'KLM spirit' and special attention.

This applies to everyone within KLM, within every team within all divisions of our company. For all of us. We can only succeed if we work together, because we need each other. With leaders who actively connect, give teams scope and responsibility, give clear direction, challenge and inspire.

Our front-line staff (employees with direct customer contact) are supported by all other departments, so together we can make it possible to offer our customers the true KLM experience. So even if you don't have direct customer contact, you are making a very valuable contribution, because you are contributing to the overall picture.

Our basis is good in many respects, but we can do even better in a number of ways. We need to work like a well-oiled machine, where everyone knows what he or she needs to do. We also offer everyone scope to make the most of themselves. We enable people to inspire and grow together, departing from the firm basis that we as a company have.

Looking towards the future, we implemented "change, participate, win" shortly after my appointment. Change will play a part in allowing us to win. Winning is something you do from the competition. And we're not just talking about winning financially, but winning the hearts of our customers and of those who currently choose another company. This will only work if our customers form the basis for everything we do. We shouldn't just add unique customer experience to the language we use, but link it directly to our purpose.

We are very proud of our new Boeing 787 Dreamliners. It is an important step forwards. It is even more important, however, that we realise that the battle for customer favour won't be won with just a top product. People make or break the customer experience. With their Dutch mentality, KLM staff are able to connect, put people at ease and make them really happy like no one else can. And that is just as well, as it is for this reason that millions of customers consciously choose KLM every year.

We are part of the AIR FRANCE KLM Group. Within the group we have our own brand and positioning based on our purpose, and a strategy that is derived from the AIR FRANCE KLM Group's strategy. In our strategy for the next few years, one of our main focuses will be on the KLM customer experience. And more specifically, on realising our promise to the customer at as low possible cost, improving our product based on customer requirements, developing a High Performance Organization and working on innovations in digitisation, for example.

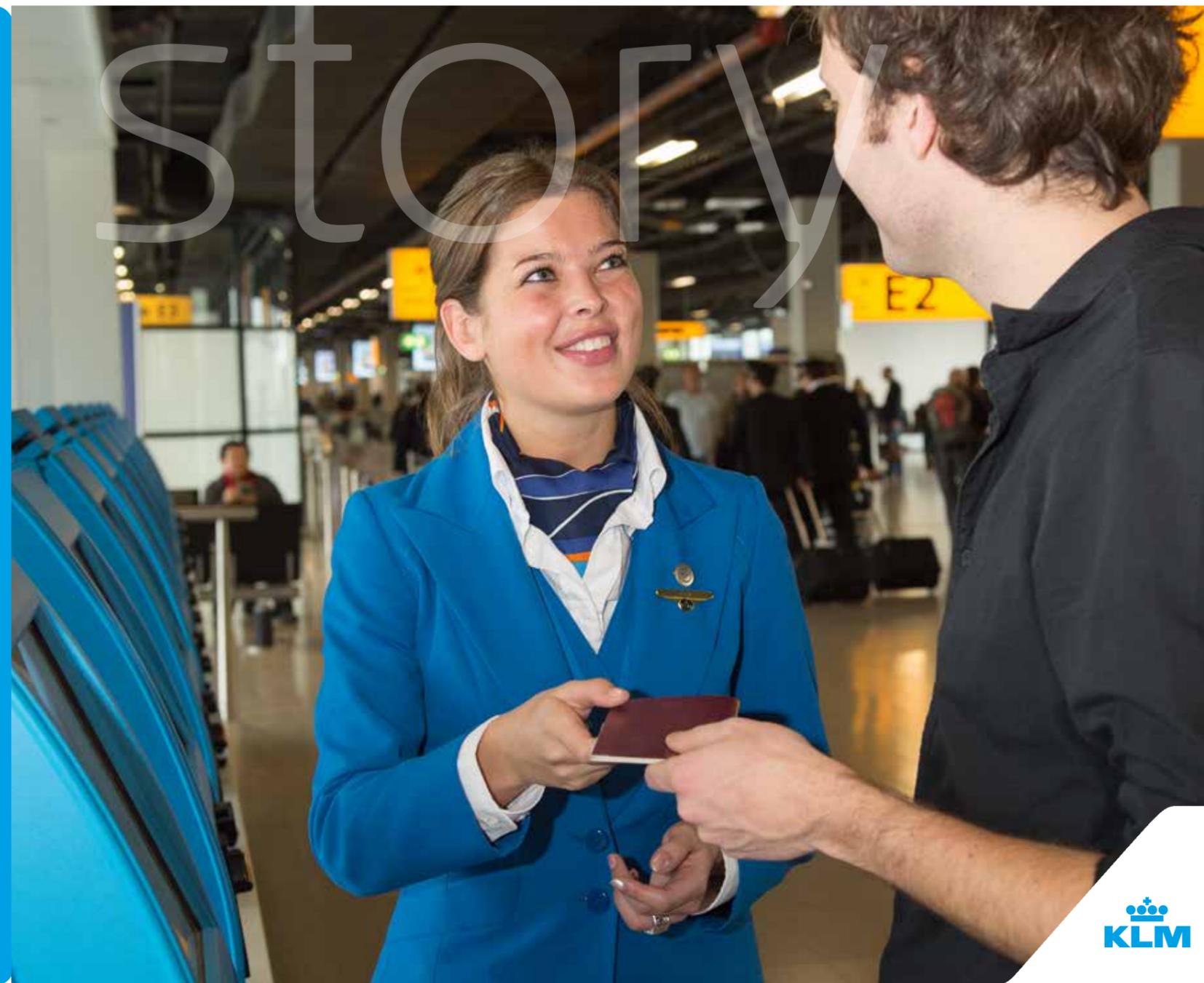
This also ensures that we gain our stakeholders' trust. And with tens of thousands of jobs at KLM and influence on hundreds of thousands outside of the company (in and around Schiphol), we are continuing to make a hugely important contribution.

Pioneering is in our blood. We are able to work well together (including internationally), improvise well, and are always on the lookout for new opportunities. KLM staff are aviation pioneers. And pioneers don't give up! They continue to seek new directions and innovative solutions. This requires us to rediscover the spirit that made us successful. And to work together to ensure that KLM is fit and relevant for the future and loved by its customers. That is not a job for me, but a personal mission.



Pieter Elbers
President & CEO of KLM

story



1932
KLM became the first airline to have its own medical service.



1933
In a record time of four days, KLM flew the Fokker F-XVIII "De Pelikaan" (The Pelican) from Amsterdam to Batavia. The post was on time for the Christmas holidays.

Our Story



1934
The first stewardess came on board.



1934
The first transatlantic flight, with the Fokker F-XVIII 'Snip', from Amsterdam to Curaçao.

Continues



1934
Entirely metal aircrafts, the Douglas DC-2, were launched. KLM was the first airline outside of the US to fly with the DC-2. PH-AJU 'Uiver' won the prestigious London-Melbourne race.

Moving Your World By Creating Memorable Experiences

We are known as the airline that really cares about its customers, because we acknowledge and recognise our customers time and time again. By making it easy and comfortable for them and by reaching their hearts, we have gained long-term significance. Moving your World is therefore about much more than travel and transportation.

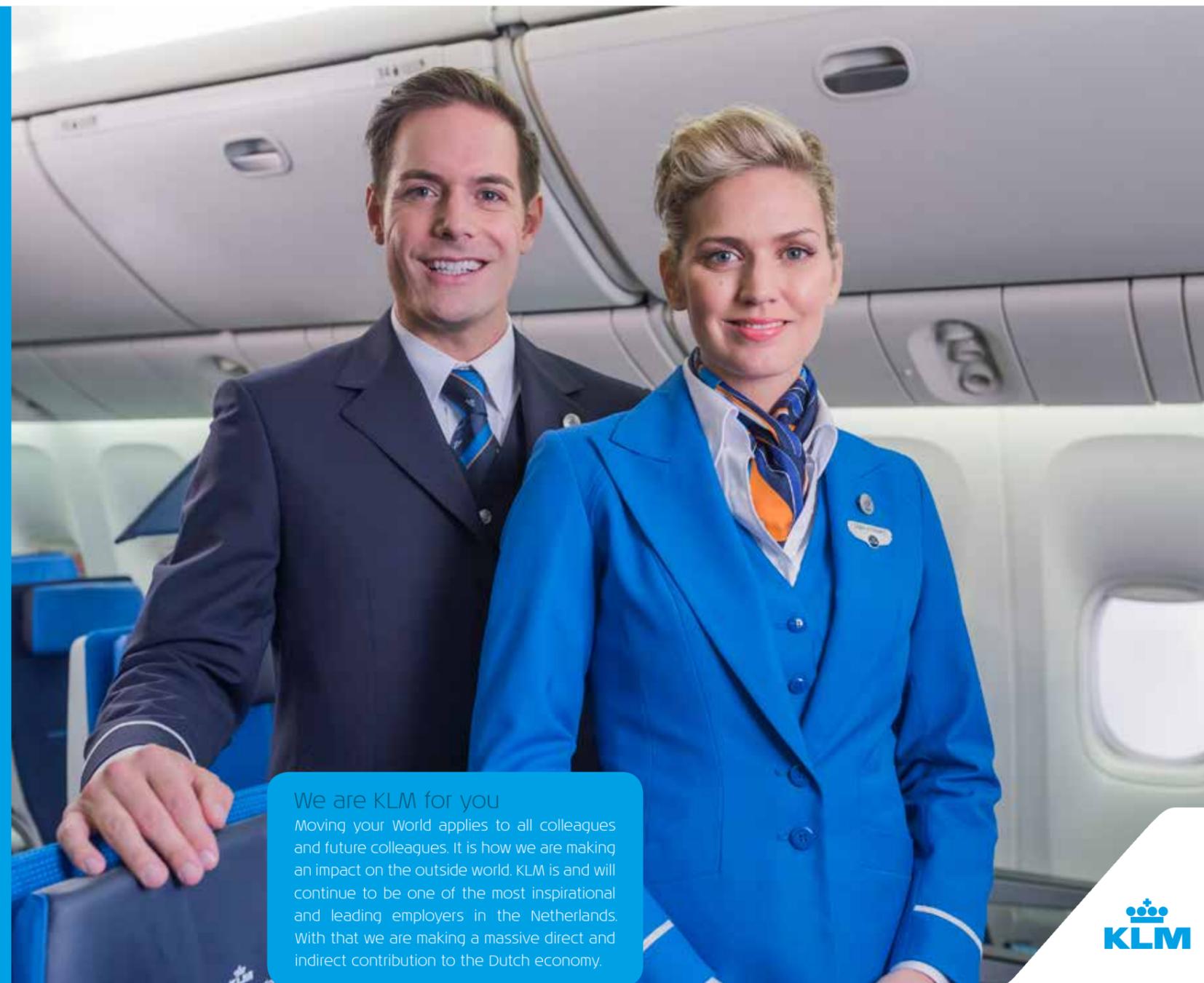
Take any KLM flight. The destination is the same for everyone, but the journey is unique for every passenger. One person might be travelling home, whereas for another, it might be the start of a big adventure. One person might be going to a business meeting, whereas someone else might be reuniting with a loved one. And whereas one person will be looking forward to the journey a lot, someone else won't.

Every customer has a story. And from the initial contact when searching and booking, to arrival and sometimes for a long time afterwards, we all have a role to play in that story. Moving your World is about impressing our customers the right way. Giving them attention in a personal way. Both in places where there is direct customer contact, and in places where this is not the case. The fact that we are a company with different divisions (Passenger Business, Cargo, Engineering & Maintenance etc.) has tremendous added benefits, because all divisions of our organisation are interconnected and we are stronger when we all work together. Ultimately many departments are involved, including those that don't have direct customer contact. Consider Finance, for example, which ensures that payment processes run smoothly, or Engineering & Maintenance, which makes sure that our aircrafts are working safely and properly. The examples are countless. If one link isn't running smoothly, customers experience it directly. We all have the opportunity to improve the customer's story.

A number of things are obvious to the customer. For example, customers expect safety, speed and care. But the price must also be competitive and we must fly on time. However, these are things that all airlines are able to offer to a greater or lesser extent. At KLM, we make the difference by creating moments which stay with the customer. It is precisely that which sets us apart. With all of our departments, we make it possible to touch the hearts of our customers with unique KLM attention and service.

It's about the little things we do for our customers. If we succeed in this, KLM will become part of a story that the customer continues to remember, making the choice for his next trip easier.

As KLM staff, together we form the experience.
And the experience is the best advertising.



We are KLM for you

Moving your World applies to all colleagues and future colleagues. It is how we are making an impact on the outside world. KLM is and will continue to be one of the most inspirational and leading employers in the Netherlands. With that we are making a massive direct and indirect contribution to the Dutch economy.



1945
KLM and sixty other airlines founded the International Air Transport Association (IATA) in Havana (Cuba). The aim was to promote collaboration in the international aviation industry. IATA succeeded the International Air Traffic Association that KLM already founded in August 1919 in The Hague, together with five other European airlines.

Our Story



1946
The scheduled service between Amsterdam and New York began with the Douglas DC-4 'Rotterdam'. KLM was the first European airline to provide a scheduled service between the two continents after the war.

1948
KLM was the first airline in the world to operate five different transatlantic routes.

1951
The only part of the world to be missing from the KLM network, Australia, was given a regular air service to Amsterdam.

Continues

1952
The Tourist Class rate was introduced.

We Are Aviation Pioneers, Dutch at Heart

Pioneering and pushing the boundaries are in the blood of the Dutch. Many examples can be given in which a small country can be a front runner, and KLM is one of them. We are a product of that typical pioneering spirit that has made the Netherlands great. Our passengers' urge to explore new horizons led us to all corners of the world.

At the same time, we sought the boundaries ourselves time and time again. By constantly challenging ourselves, leading the way and innovating, we expanded the world for our customers.

KLM is typically Dutch. No-nonsense, investigative, open-minded, hospitable, connecting, laying our boundaries... all of these are genuine Dutch character traits that are part of our DNA. We are genuine collaborators, which is one of the things the joint fight against the water in the Netherlands has taught us. It is also why we are good at international alliances. In the Netherlands, everyone has a voice, large and small.

We can still claim the right to being pioneers in the aviation industry. We were the first airline with a joint venture on the routes to North America - a transatlantic joint venture that is still successful today. Our social media strategy has been an example to others for many years now. At the bottom of every page, you can read how we are pioneering as Aviation Pioneers, Dutch at Heart, in this and other areas.

Everyone is a pioneer

Over the years, KLM has proven that it is a pioneer in different areas, but we aren't just pioneers as a brand and organisation, we are all able to come up with innovative ideas, whatever you do and wherever you work.



Customer experience We are all part of it

Before the customer actually boards the aircraft and the cargo and/or luggage have been loaded, an immense amount of work has already been shifted. Meanwhile, the customer has already had contact with KLM, at various times, both consciously and subconsciously, which he has used to form his perception of KLM. Of all the interaction that the customer has with KLM, he spends most time with our cabin crew, which is where the opportunity lies to make an unforgettable impression.

During check-in, on the telephone, when boarding or during the flight is where we have conversations with customers. With a product to be proud of and front-line staff that are able to acknowledge the customer and give personal attention, we can turn the journey into a unique experience and a memory that lasts. Both now and in the future.

The saying goes "you only have one chance to make a first impression". This is something we believe in and that applies to all of us. Everyone plays their part in the KLM customer experience.

Whether you work for Passenger Business, Cargo or Engineering & Maintenance, we all form an integral part of KLM and we all make a difference.



1957
The iconic KLM Delft Blue house was launched; number 96 came out in 2015.

Our Story



1958
The Amsterdam-Tokyo line was opened via the North Pole, with the Douglas DC-7 'Caraïbische Zee' (Caribbean Sea).

1959
KLM was one of the first major companies in the Netherlands to introduce computerisation (IBM computer).



1965
KLM was the first airline to use jet engines.

Continues



1966
The first Holland Herald was launched. The Holland Herald is the oldest in-flight magazine in the world still to be published under the same name. The 600th edition will follow in December 2015. A world record when it comes to in-flight magazines.

Pioneers Don't Give Up

We are all rightly proud of KLM's rich history, but that history is unfortunately no guarantee for a rich future. That is something we need to earn every day.

Competition in the aviation industry is fierce and the fight for the customer's goodwill a matter of millimetres. Low-cost carriers such as Ryanair and EasyJet work more efficiently and more cheaply. Competitors from the Gulf states have budgets to be jealous of. Price competition is enormous and we have also lost our unique selling point because others overtook us when it came to network and services.

Our goal is clear:
To become the most customer-oriented, innovative and efficient network carrier in Europe.

Our ambition is to grow. However, with our current cost level growing isn't possible. We are too expensive. We need to drastically reduce our costs. Only then will we be able to achieve our ambition. We will achieve growth by fleet renovation amongst others, such as increasing the number of seats in existing aircrafts. We are therefore achieving cautious growth in exchange for reducing our costs.

The most customer-oriented

Customer experience isn't the responsibility of just one department, but of us all. All employees of all departments from every division have an active role to play. It is mainly the passion for our customers that enables us to achieve this objective. We invest in the 'customer journey' where it benefits our main target group, frequent travellers, most. This should translate into customer appreciation and recommendation.

The most innovative

Creativity and innovation are the heart and soul of our company. The current circumstances at KLM require new insights and innovative solutions, which play a part in guiding our strategic decisions for the next few years. This is why we encourage innovations within our organisation as a whole. Our focus lies on innovating by digitisation. A second focus lies on innovations that positively support our CSR objectives. With all these innovations, we are demonstrating our pioneering spirit.

The most efficient

Becoming more efficient requires tough interventions. It requires our labour costs and external costs to be reduced and our productivity to be increased, but also making our forms of employment more flexible. We will no longer do certain activities, that have little added benefit for our core activities, ourselves. This will enable us to keep a competitive network going within Europe, whereas the long-distance flights ensure our operational result and profitability. We are going to simplify our operation and ways of working. The aim is to keep our promise to the customer at lower costs.

Network carrier

We are continuing to optimise our 'hub-and-spoke' network, focusing on daily flights to long-distance destinations, limited multi-stop routes and strong partnerships as the cornerstone of our network. With our strong network for short distances, we are focusing on the markets in which we are able to compete, in order to supply and strengthen our network for long and medium distances.

Supported by a High Performance Organization

We are working to develop a High Performance Organization, to simplify the organisation and thereby improve mutual collaboration, increase employee commitment, but also to become more flexible and more efficient. We have also expressly formulated objectives in the area of culture and leadership. We want to be a KLM in which everyone takes his own responsibility within clear boundaries, by reducing the number of managerial layers and centralising the support functions wherever possible. We offer plenty of scope for bottom-up entrepreneurship, and want to safeguard this in assessment methods and talent development. The implementation will create a smaller organisation. This will result in redundancy and will therefore have an effect on employee mobility. We will execute this process carefully.



"Proud of our history, committed to our future."

Our KLM objectives for the next five years:

- Together with Air France, stay at the top of the global aviation industry
- Go from 27 million passengers to over 32 million
- Invest 2.5 billion euros in total in products and new aircrafts
- Introduce 15 Boeing 787s to our fleet
- Replace all Fokkers with Embraers
- Expand our network from 138 to 148 destinations
- Increase our customer recommendation score (Net Promoter Score) from 38 to 50
- Invest in a new cargo warehouse 1 and E-freight
- Successfully develop Boeing 787 components and GENx engine maintenance
- Achieve a 20% improvement in productivity



Our Story



1967
The new home base, Schiphol-Centre, was commissioned - an ultra-modern international home port with a revolutionary design that has been adopted by many airports. So far, Schiphol Airport has been voted the best airport in Europe and in the world numerous times.



1971
The wide-body era began with the arrival of the Boeing 747-206B.

1975
New concept B747 combi-aircrafts for transporting passengers and cargo was launched.

1989
KLM was the first European airline to launch the Boeing 747-400, which is technically even more advanced than its 747-type predecessors.

Continues



1991
KLM, together with Northwest Airlines, launched mutual "code sharing" on each other's flights for the first time.

A strategy that enables us to win

Our strategy for the coming years is clear.

Customer & product

We are focusing on the frequent traveller, in both classes. We are simplifying, standardising and modernising our basic offer. Through this focus, we are also developing a distinctive product in the tourist class, making us attractive to segments other than frequent travellers compared to our competitors. In order to achieve this, we must make specific investments, which will also allow us to develop a distinctive KLM customer experience.

People & organisation

We are working to develop an organisation that has a transparent culture, open communication and committed staff that are good at what they do. We are reducing our labour costs further, in order to come and stay in line with our competitors, through the following rounds of collective labour agreement negotiations amongst others. We are continuing to work on modernising the pension system, distributing the risks more evenly between the employer and the members.

Operations

We are striving to achieve operational excellence and will achieve this by effectively and efficiently (re)designing our product, our ways of working, information flows, management and organization. Of course we do all this in a safe manner. The result will be that we keep our promise to our customers at as low costs as possible.

Portfolio

We will simplify our company by no longer doing certain activities that are further removed from our core activities ourselves.

Digitisation

We are expanding our focus on customer-oriented digitisation to our operation and our employees. In order to achieve this, we are making considerable investments in a secure IT environment and digital applications for our operation and our employees, so they will be more able to serve our customers.

CSR

We are focusing on those activities that are recognised and acknowledged by customer and employee alike and also reduce our environmental footprint. We are stopping activities that do not make a proven positive contribution to this. The choices we make are based on what has an effect.

We are KLM for you!

Together we spread that typical KLM spirit. We connect, take initiatives and explore new opportunities.

Our ambition

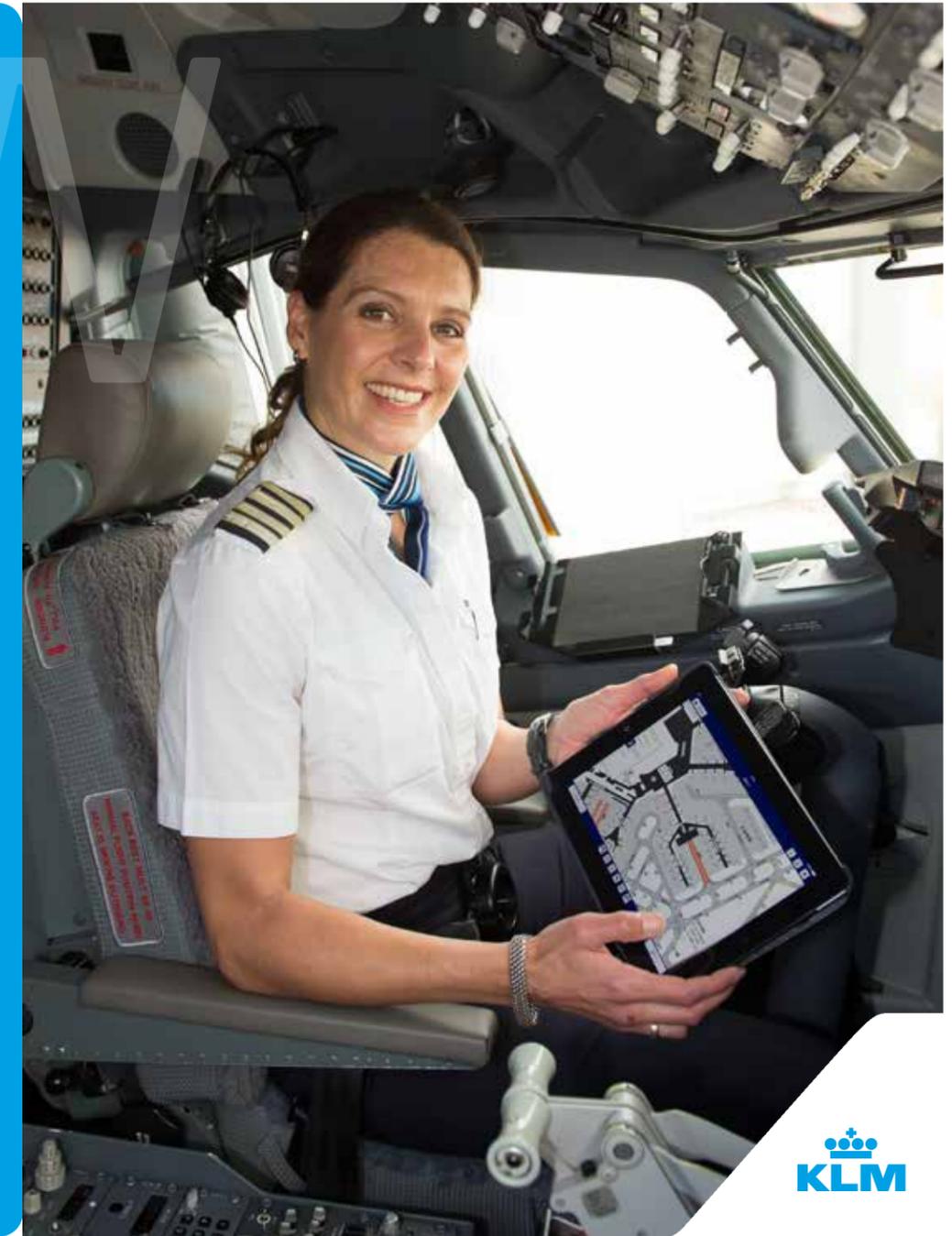
The new world of KLM will become one of (selective) growth and opportunities. On the one hand, our success is determined by connecting customers, and on the other hand, by making our company competitive again.

This requires a radical change into a KLM that has fewer people and considerably lower costs per unit. With our pioneering spirit combined with customer investments, our customers' experience is central to what we do. We are using this to connect our wonderful history with our company's future.

Our ambition is to make the new KLM fit and relevant for that future again, and loved by its customers, so that we can win again. That is more than "merely surviving"; it means actually winning from our competitors, and retaining our important role in Dutch society and the economy for current and future generations.

KLM will once again be a leading airline when it comes to customer focus, innovation and efficiency. Our KLM staff are vital in achieving this.

What is your ambition?



1992
KLM used a heavy morning block to make effective use of the hub & spoke network model.

1992
The Netherlands was the first country to sign an Open Skies Agreement with the US, which enabled the later joint venture with Northwest Airlines.

Our Story

1993
This was the first year in KLM's history that it transported over 10 million passengers. Since its first flight on 17 May 1920, KLM had transported over 155 million passengers by this time.

1997
The (still very successful) joint venture was signed between KLM & Northwest Airlines.



1999
Smart e-services arrived in the form of e-tickets instead of paper tickets, checking in at a self-service kiosk and online check-in.

Continues



1999
The Operations Control Centre (OCC) was commissioned, an initiative that has since been followed by many airlines.

KLM Compass

WHY
Our purpose

Moving Your World
By creating memorable experiences

WHO
Our identity

We are aviation pioneers,
Dutch at heart

AMBITION
Our goal

To become the most
customer-centric, innovative and
efficient European network carrier

WHAT
Our offering

We bring our customers the world,
taking them anywhere, anytime

HOW
KLM Spirit

We dare to reach out, initiate
and explore new horizons
We are KLM for you!



Fit, Relevant & Loved

To get fit again, we will start to operate more efficiently. 'Fit' can also be understood as 'feeling healthy', being flexible and agile. Assertive and full of fighting spirit: bring it on! This requires radical changes to what we do and think.

We should hold onto what's good, whilst at the same time, improving everything that needs to be improved. Products, services, systems, ways of working, collaboration... across the board, in each fibre of our company. Only then can we become competitive on price again too. By setting ourselves apart from the competition at the same time when it comes to customer experience, we will become more valuable and relevant, and we can be even prouder of what we do.

Having a future is our ultimate reward. It is the result of paying attention to our customers and impressing our customers. Customers are very close to our heart and there's no better place for them.

Change, Participate, Win

Together we are KLM. Together we ensure that 'Change, Participate, Win' is implemented. Together we are writing the KLM future and making sure that this becomes a reality. Together we are the change. You can make the difference, as an important factor in our joint success. So please come up with ideas, suggestions and improvements. Consider how we can improve our way of working and how we can make our customers happy in the long term. In an efficient manner, of course, so that we are fit, relevant and loved.



1999
KLM was the first airline in the world to acquire the ISO 14001 certificate for its environmental management system.

Our Story

2004
KLM was the most sustainable airline according to the Dow Jones Sustainability Index for the first time (and still is in 2015).

2009
KLM launched the digital boarding pass in collaboration with Air France. Check-in can now also be done by mobile, PDA or Blackberry.



2009
KLM was known throughout the world as the classic example for strengthening customer relationships with the pro-active use of social media, this as a result of the ash cloud.

Continues

2010
Launch of a new women's uniform designed by Mart Visser and new tableware in World Business Class designed by Marcel Wanders.

2015
KLM was the first non-Asian airline to open a shop on the major Chinese travel website Alitrip, which is viewed by over 10 million people every day.

2015
Launch of the Boeing 787-9 Dreamliner

Moving Your World

Our KLM story



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November 2015



Our story continues...