Independent limited assurance report on the Consolidated Statement of Non-Financial Information for the year ended December 31, 2020

INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. AND SUBSIDIARIES

EY
Building a better working world

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INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION

To the shareholders of International Consolidated Airlines Group, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Statement of Non-Financial Information (hereinafter NFIS) for the year ended December 31, 2020, of International Consolidated Airlines Group, S.A. and subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFIS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in section "Table of contents", included in the accompanying NFIS.

Directors' Responsibility

The Directors of the Group are responsible for the approval and content of the NFIS included in the Consolidated Management Report of International Consolidated Airlines Group, S.A. The NFIS has been prepared in accordance with the contents established in prevailing mercantile regulations and following *Sustainability Reporting Standards* criteria of the selected *Global Reporting Initiative* (GRI standards), as well as other criteria described in accordance with that indicated for each subject in section "Table of contents", included in the accompanying NFIS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFIS that is free from material misstatement, whether due to fraud or error.

The directors of International Consolidated Airlines Group, S.A. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our Firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our work has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less extent in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFIS, reviewing the process for gathering and validating the information included in the NFIS, and applying certain analytical procedures and sampling review tests as described below:

- Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- Analysing the scope, relevance and integrity of the content included in the 2020 NFIS based on the materiality assessment made by the Group and described in section "Materiality assessment" of the NFIS, considering the content required by prevailing mercantile regulations.
- Analysing the processes for gathering and validating the data included in the 2020 NFIS.
- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2020 NFIS.
- Checking, through tests, based on a selection of a sample, the information related to the content of the 2020 NFIS and its correct compilation from the data sources.
- Obtaining a representation letter from the Directors and Management.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that would lead us to believe that the 2020 NFIS of the Group for the year ended December 31, 2020 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section "Table of contents", included in the NFIS.

Use and distribution

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

Antonio Capella Elizalde

March 2, 2021

Consolidated Statement of Non-Financial Information

The present statement was prepared to comply with the requirements of Law 11/2018, of December 28, 2018 on non-financial information and diversity (amending the Commercial Code, the revised Capital Companies Law approved by Legislative Royal Decree 1/2010, of July 2, 2010 and Audit Law 22/2015, of July 20, 2015), and is part of the Group's Management Report.

We provide information about environmental, social, employee-related, and human rights-related issues, which is relevant to the Company and important for the execution of business activities.

The consolidated statement of non-financial information contains the following sections:

Our resilient business model

Our vision

To be the world's leading airline group, employing exceptional talent and maximising sustainable value creation for our shareholders and providers of finance, customers and other stakeholders

How we're organised

IAG is the parent company of the Group and actively engages and works collaboratively with its portfolio of operating companies to drive synergies and maximise performance. Its independence from the operating companies allows for objective, flexible and rapid decision-making and enables IAG to implement the strategy to deliver the long-term vision for the Group. The operating companies are in turn able to focus their efforts on their target customers, competitive environment and their people.

The portfolio sits on the Group's common integrated platform which drives efficiency and simplicity while allowing each operating company to achieve individual performance targets and maintain its unique identity.

Corporate parent

- Makes capital allocation decisions
- Defines portfolio attractiveness
- Exerts vertical and horizontal influence across the Group
- Sets the long-term strategy to deliver the vision for the Group

Airline operating companies

- Deep and real-time understanding of customer and competitive environment
- Define product strategy for target customer segments
- Standalone profit centres and independent credit identities
- Individual brand, cultural identity and management teams

Common integrated platform

Provides common services and allows the Group's operations to benefit from cost reductions and synergies by leveraging the Group's scale

Our resources

IAG combines leading airlines in Ireland, the UK and Spain with key non-airline businesses, enabling them to enhance their presence in the aviation market while retaining their individual brand identities.

The airlines each target specific customer markets and geographies providing choice across the full spectrum of customer needs and travel occasions.

The airlines' customers benefit from a larger combined network for both passengers and cargo and the airlines also utilise successful joint businesses and alliance partnerships to expand their global reach. The scale of the Group also allows it to more efficiently innovate and invest in new products and services to enhance the customer experience.

The people across our Group are pivotal in delivering the ethos of each of our companies and retaining and promoting talent is a key driver of our success.

Portfolio of world-class brands and operations

- Operationally focused companies
- Diversified customer base
- Complementary networks
- Distinct brands
- Employees pivotal to each operation's unique identity

Global leadership positions

- Revenue share leaders in our home cities
- Transatlantic leadership and a leading player intra-Europe
- A key player in the consolidation of the airline sector
- Retain and promote talent

Common integrated platform

COST EFFICIENCY

- Continual total cost focus
- Track record of successful restructuring during crises

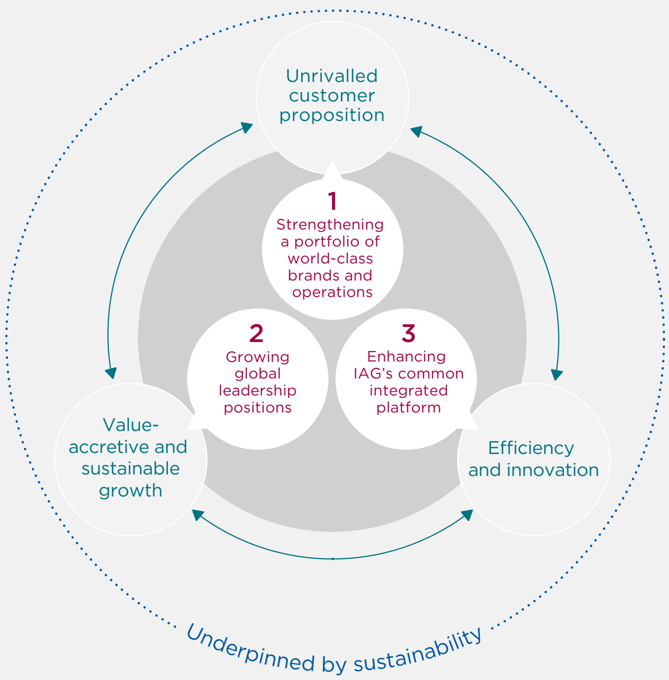
INNOVATION

- Dynamic and creative culture and workforce
- At the forefront of digital innovation in the airline industry
- Digital platform to grow revenue streams, enhance customer loyalty and drive cost efficiencies

Our strategic priorities

Unrivalled customer propositions

- Ensure our operating companies collectively deliver an unrivalled proposition able to fulfil customers' needs across the full spectrum of travel occasions
- Use consolidation and develop organic options to differentiate the Group from its competitors and ensure customer demands are met where they are currently under-served
- Deepen customer-centricity to win a disproportionate share in each customer segment



Value accretive and sustainable growth

- Pursue value-accretive organic and inorganic growth options to reinforce existing, or pursue new, global leadership positions
- Attract and develop the best people in the industry
- Set the industry standard for environmental and societal stewardship, safety and security

Efficiency and innovation

- Reduce costs and improve efficiency by leveraging Group scale and synergy opportunities
- Engage in Group-wide innovation and digital mindset to enhance productivity and best serve our customers
- Drive incremental value with new business-to-business and business-to-customer services

Underpinned by sustainability

The Group's strategy is underpinned by its target to be the leading airline group on sustainability. We remain committed to reducing our carbon footprint and to reach the goal of net zero CO_2 emissions by 2050 and continue to prioritise other key sustainability issues including waste management, stakeholder engagement and employee engagement and welfare.

Tracking our performance

We use a combination of financial and non-financial metrics to measure the performance and progress of our strategy:

Financial and growth KPIs

- Operating result
- ASKs

Investor measures

- RoIC
- EPS

Customers

- NPS

Employees

- Average manpower equivalent
- Gender diversity

Environment

- Grams of CO_2/pkm

Sustainability

This report has three sections: Governance, Planet and People and Prosperity.

A. Governance

A.1. Sustainability strategy

IAG has maintained a vision to be the world's leading airline group on sustainability. Sustainability underpins our business strategy and is fundamental to our long-term growth. IAG is committed to minimising its environmental impact and improving its social impact, whilst executing on Group strategy, and delivering best practices in both programmes and processes. IAG also aspires to drive improvements in the sustainability performance of the global aviation industry.

IAG's sustainability strategy is aligned to IAG's three strategic priorities, as demonstrated in the diagram to the right.

Progress against the vision is measured against five strategic aims:

1 Clear and ambitious targets relating to IAG's most material issues.

2 Low-carbon transition pathways embedded in business strategy.

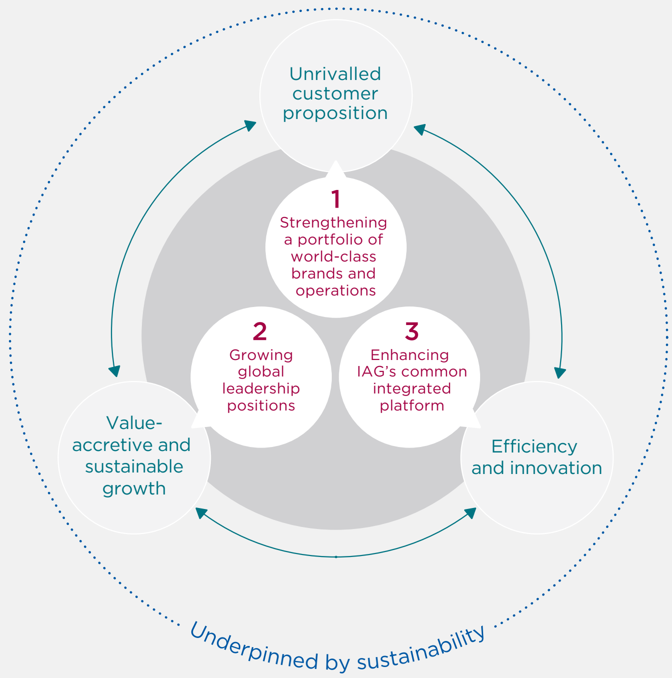
3 Management incentives aligned to delivering a low-carbon transition plan.

4 Leadership in carbon disclosures.

5 Accelerating progress in sustainable aviation fuels, future aircraft and low carbon technologies.

To support these ambitions, IAG's core business processes embed consideration of sustainability issues. Three-year business plans, one–year financial plans, procurement and financial approvals all address climate and sustainability impacts. Assessments of climate-related risks are integrated into an interdisciplinary Enterprise Risk Management (ERM) process. Carbon prices are incorporated into fleet investment decisions.

In 2020, IAG implemented new management incentives explicitly linked to climate targets. These incentives were agreed by IAG's Management Committee, Remuneration Committee and Board in 2019, resulting in 60 of the most senior executives across the Group, including the IAG Chief Executive Officer, having a proportion of their annual incentives linked to achievement of annual carbon intensity targets. The 2020 annual incentive plan was cancelled due to COVID-19 but the intention is to reinstate it for 2021.



1

Strengthening a portfolio of world-class brands and operations

Ensuring customers have visibility of, and are engaged in, our sustainability programmes

2

Growing global leadership positions

Demonstrating industry leadership e.g. through commitment to ambitious carbon reduction targets

Maturing our transition pathway towards a low-carbon economy

Leadership in carbon disclosures

3

Enhancing IAG's common integrated platform

Investing in efficient aircraft fleet and delivering best practice in operational efficiency

Innovating and investing to accelerate progress in sustainable aviation fuels, future aircraft and low-carbon technologies

External recognition of leadership and progress in 2020 included:

- Luis Gallego was the only aviation CEO invited to speak at the global UN Climate Ambition Summit in December 2020
- Global winner of Sustainability Strategy to Achieve Net Zero award, from the Institute of Environmental Assessment and Management (IEMA);
- Maintaining a B overall rating in the Carbon Disclosure Project (CDP) climate change questionnaire, receiving A grades for governance, targets, emissions reduction initiatives and value chain engagement. The full submission is on the IAG website; and
- Maintaining a 3 out of 4 overall rating in the Transition Pathways Initiative (TPI) Management Quality Index, meeting 15 out of 18 climate indicators.

Up until now IAG's priority focus has been addressing climate change impacts, but with the establishment of the new Safety, Environment and Corporate Responsibility Committee the focus will be broadened to include societal and employee issues.

Materiality assessment

GRI 102-43, 102-44, 102-46, 102-47

IAG's sustainability initiatives and reporting are based on a 2017 assessment of which business activities have a material impact on the environment and people and are most important to key stakeholders. This materiality assessment was facilitated by the UK charitable trust Business in the Community (BITC) as an independent third party.

The assessment included workshops, stakeholder interviews, benchmarking against external materiality frameworks and the production of an IAG-specific materiality matrix. External stakeholders included investors, corporate customers, suppliers, NGOs and government. Sixteen material sustainability issues were identified and are listed to the right. IAG's most significant material issue is climate change. Four UN Sustainable Development Goals (SDGs)[1] – **5, 7, 8** and **13** – were identified as priority areas to support, amongst nine SDGs in total.

Here, material issues are grouped into the categories of Principles of Governance, Planet and People and Prosperity, to align with best practice indicated by the 2020 World Economic Forum report on 'Measuring Stakeholder Capitalism'.

These material issues align with the issues identified by IATA and GRI[2] for the wider airline sector. The nine SDGs align with those identified by IATA and UK trade association Sustainable Aviation (SA).

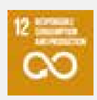
Water consumption, biodiversity and light pollution are not currently assessed as material for IAG. These assessments are based on the small scale of impacts in these areas, and ongoing conversations with our stakeholders. Light pollution was not assessed during the 2017 materiality assessment as it was not identified as material by any key stakeholders. IAG does not have specific risk provisions, targets or guarantees related to these non-material issues.

IAG material issues identified

Icons indicate alignment with UN SDGs

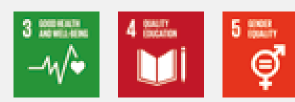
Principles of Governance

- Compliance with legislation and regulation
- Supply chain management
- Carbon pricing



Prosperity

- Local economic impacts
- Customer satisfaction
- Innovation, research and development
- Financial performance[5]



Planet

- Climate change[3]
- Energy use
- Waste[4]
- Noise
- Air quality

People

- Diversity and equality
- Community engagement and charitable support
- Employee satisfaction
- Talent management

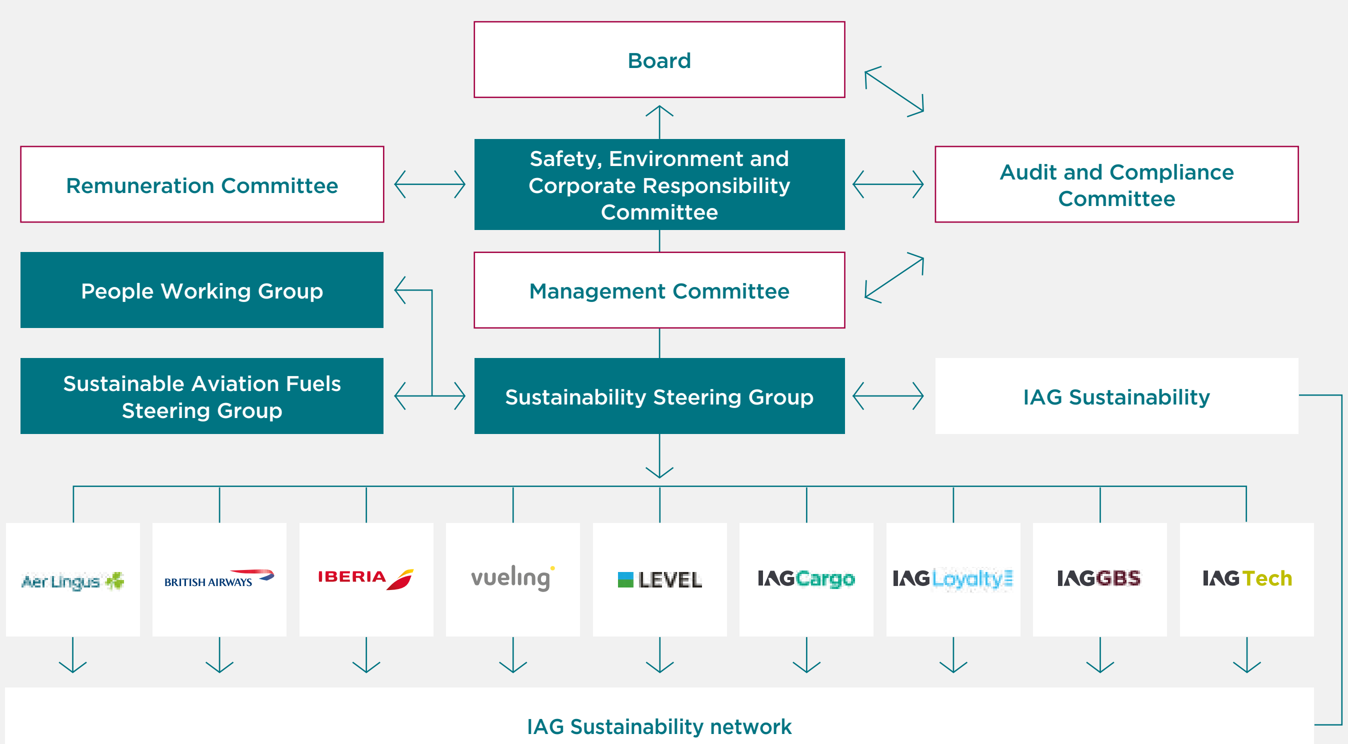
1 The UN identified 17 SDGs in total, for all sectors to work towards by 2030 in order to "end poverty, protect the planet and improve the lives and prospects of everyone, everywhere."
2 Global Reporting Initiative.
3 Including greenhouse gas (GHG) emissions, fleet modernisation, fuel efficiency and Sustainable Aviation Fuels (SAF).
4 Including food waste.
5 Short-term investor returns and long-term financial sustainability. Covered outside the sustainability section.

During 2021 IAG will repeat a full-scale materiality assessment, a year later than planned due to the impact of the COVID-19 pandemic. This assessment will include issues that have arisen during the pandemic. Health, safety and wellbeing rose in importance during 2020.

How IAG activities support priority UN SDGs:

Goal	Description	See these subsections	2020 highlight/s
5	Gender equality	Workforce overview Inclusion and diversity	45% women on the IAG Board and 30% across IAG senior executives
7	Affordable and clean energy	Climate change Sustainable aviation fuels	Secured planning permission for Europe's first waste-to-jet fuel plant and invested in an alcohol-to-jet fuel plant in the USA
8	Decent work and economic growth	Workforce overview	Provided a range of internal and external resources to support employee wellbeing and COVID-19 safety
13	Climate action	Stakeholder engagement Climate change	Instrumental in driving coalitions at national, regional and global levels to set aviation climate strategies in line with a 1.5 degrees Celsius (1.5°C) ambition

Sustainability governance structure



A.2. Sustainability governance

GRI 102-46, 102-48

The IAG Board provides oversight and direction for sustainability programmes, and the IAG Management Committee provides the key forum for reviewing and challenging these programmes and setting their strategic direction.

Sustainability programmes across all operating companies and support functions are coordinated at Group level. IAG's sustainability strategy sets out the ambition and the wider context of these programmes. This strategy covers Group policies and objectives, governance structure, risk management, strategy and targets on material issues, sustainability performance indicators, and communications and stakeholder engagement plans. Each individual operating company within the Group has a distinct sustainability programme that is aligned with the Group strategy.

Group-wide policies relevant to sustainability include the Code of Conduct, Supplier Code of Conduct, and specific policies on Sustainability, Modern Slavery, Anti-Corruption and Bribery, Equal Opportunities, and Selection and Diversity. All of these have been approved by the Board of Directors. IAG will review the suite of sustainability-related policies in 2021 and update the sustainability section of the IAG website to reflect any changes.

In 2020, IAG strengthened its sustainability governance. A Sustainability Steering Group, comprised of representatives from each operating company, was established and meets quarterly to provide oversight of our environmental and social initiatives and reporting. A SAF Steering Group and People Working Group were established to report into this steering group. The IAG Sustainability Network held monthly calls rather than bi-annual meetings and representation was expanded to all operating companies.

In 2021 a Safety, Environment and Corporate Responsibility Board sub-committee will provide dedicated oversight of the Group's sustainability programme and a link between operating company management committees and the IAG Board. The 2021 governance structure is shown on the previous page and will enhance the rigour and oversight applied to sustainability initiatives and the level of feedback and challenge received.

Individual operating companies also continue to strengthen their environmental assessment and management. In 2020, British Airways and Vueling achieved Stage 1 certification for the IATA Environmental Assessment (IEnvA)[1] management system in 2020 and have begun working towards Stage 2. Aer Lingus and Iberia are working towards Stage 1 certification in 2021. To date, 12 airlines worldwide have achieved IEnvA Stage 1 certification.

Reporting standards

The full contents of this sustainability report are included in the IAG Non-Financial Information Statement, which is third-party verified to limited assurance and in line with ISAE3000[2] (Revised) standards.

IAG aligns sustainability reporting with current and emerging disclosure standards to ensure the Group discloses relevant and meaningful data on sustainability performance.

This includes compliance with obligations under EU Directive 2014/95/EU on non-financial reporting and its transposition in the UK and Spain, and the 2018 UK Streamlined Energy and Carbon Reporting (SECR) regulation. IAG voluntarily aligns reporting with the Task Force on Climate-related Financial Disclosures (TCFD) guidance, the Sustainability Accounting Standards Board (SASB), and the IATA Airlines Reporting Handbook. IAG supported IATA and the GRI to develop the IATA handbook.

This report has been prepared in reference to GRI standards. Criteria for choosing specific GRI standards are based on compliance with Spanish Law 11/2018 and material issues. In cases where alignment was not possible, other standards aligned to airline industry guidance or internal frameworks were used. These are described in relevant sections.

A table showing alignment with external frameworks and GRI standards is included at the end of this sustainability section.

Data governance

Unless otherwise stated, the scope of environment performance data includes all IAG airlines, subsidiaries and cargo operations over which IAG has operational control. This scope is consistent with environment-related policies and KPIs. LEVEL (except jet fuel data), IAG Loyalty and IAG GBS functions are not in scope for environmental reporting as the environmental impacts of these business units are not material, but are in scope of policies and KPIs.

Unless otherwise stated, workforce and supply chain data include all IAG operating companies and support functions that are wholly or majority-owned.

Scope 1 emissions data related to intra-European flights is subject to further verification for compliance with the EU Emissions Trading Scheme (EU ETS) and the UN Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). British Airways emissions data is typically verified again, to reasonable assurance standards, within six months of the year end.

In cases where full year data was not available, estimates have been applied based on business forecasts and data from prior months. Internal governance is in place to ensure that any estimations made are robust.

Any restatements are indicated next to relevant metrics with reasons provided.

1 IEnvA is the airline industry version of ISO 14001, the international standard for environmental management systems. IEnvA is tailored specifically for airlines and is fully compatible with the International Organisation for Standardisation (ISO).

2 ISAE3000 is the assurance standard for compliance, sustainability and outsourcing audits, issued by the International Federation of Accountants (IFAC).

A.3. Supply chain governance and management

GRI 308-2, GRI 414-2, Supports SDG 12

IAG Global Business Services (IAG GBS) manages interactions with suppliers on behalf of the Group. During 2020, IAG GBS focused on minimising the negative impact of the COVID-19 pandemic and drove further consolidation of the number of active suppliers from 27,033 in 2019 to 22,947 in 2020. This consolidation enables IAG GBS to focus more attention on building strategic partnerships.

IAG GBS has a dedicated Procurement Sustainability Programme which consists of four key aspects relating to the supply chain:

- Code of Conduct
- Risk screening
- Corporate Social Responsibility (CSR) Audits
- Joint programmes to promote sustainability initiatives

In September 2020, IAG GBS launched a new Group-wide Supplier Code of Conduct and issued this to the existing supply chain. This Code clarifies the standards of behaviour expected from suppliers working with any part of the business and emphasises the importance of sustainability. It has also been integrated into the supplier onboarding process. IAG will only work with businesses which share our standards and ways of working.

As a minimum, all suppliers undergo bi-annual screening for any legal, social, environmental and financial risks. In 2020, 1,043 suppliers received red flags on compliance issues during their bi-annual screening and 35 business-critical suppliers were highlighted to the operating companies in daily risk alerts. The Procurement and Compliance Teams assess any suppliers that are identified as having potentially higher levels of risk and implement a mitigation plan where necessary. Any issues are flagged to the risk owners within IAG to jointly take appropriate action.

IAG GBS carries out in-depth supplier audits as part of the Group's commitment to sustainability; these audits are based on potential geographical and procurement category risk. They are performed by independent inspectors with CSR expertise using the SEDEX Members Ethical Trade Audit (SMETA) methodology. In 2020, 25 audits were completed during the COVID-19 pandemic, with eight postponed until 2021. Of the audits carried out, 78 points were identified that required minor improvements in health and safety standards, and suppliers have implemented corrective actions.

In addition, joint programmes are in place with key suppliers to drive sustainable innovation and identify new ways to reduce carbon dioxide emissions and waste. Programmes include the continued development of SAF and carbon removal technology, as well as initiatives to use environmentally friendly packaging in lounges and inflight products.

In 2021, IAG GBS will continue to further consolidate and permanently right-size the Group supply chain with no more than 15,000 suppliers across all operating companies; pivoting the business to focus more on key partnerships in order to improve supply chain performance; and drive specific projects to deliver upon IAG's sustainability commitments.

Year	Total number of suppliers	Suppliers screened	Suppliers with additional compliance assessment	Critical suppliers under regular risk monitoring	Independent CSR audits in year
2020	22,947	22,947	1,818	35	25
2019	27,033	18,369	2,912	n/a	28

A.4. Ethics and integrity

GRI 102-16, 102-17, 205-1, 205-2, 205-3

All Directors and employees are expected to act with integrity and in accordance with the laws of the countries in which they operate.

IAG's Group Code of Conduct, which is approved by the Board, sets out the general guidelines that govern the conduct of all Directors and employees of the Group when carrying out their duties in their business and professional relationships. Training and communications activities are carried out for Directors, employees and third parties on a regular basis to maintain awareness and understanding of the principles that govern the conduct of the Group.

If any employee has a concern about unethical behaviour or organisational integrity, they are encouraged to first speak with their manager or a member of the Legal, Compliance or Human Resources teams. Similarly, suppliers are encouraged to contact their primary contact within the business. IAG maintains Speak Up channels provided by independent third-party providers, Safecall and Ethicspoint, where concerns can be raised on an anonymous basis. These Speak Up channels are available to members of staff as well as suppliers, with information on how to access published in the Code of Conduct and Supplier Code of Conduct respectively.

The IAG Audit and Compliance Committee reviews the effectiveness of the Speak Up channels on an annual basis. This annual review considers the volume of reports by category; timeliness of follow-up; process and responsibility for follow-up; emerging themes and lessons; and any issues raised of significance to the financial statements or other areas of compliance.

In 2020, a total of 193 Speak Up reports were received compared with 282 in 2019. This decrease is believed to be largely due to the slowdown in business activity and furloughing of staff brought on by the COVID-19 pandemic. These reports concerned issues relating to employment matters (63 per cent), dishonest behaviour/reputation (17 per cent), health and safety (18 per cent) and regulatory matters (2 per cent). Of the dishonest behaviour/reputation reports, none related to corruption matters versus two reports in 2019. All reports were followed up and investigated where appropriate.

Anti-corruption and anti-money laundering

IAG and its operating companies do not tolerate any form of bribery or corruption. This is made clear in our Group Code of Conduct and supporting policies which are available to all Directors and employees. Our anti-bribery policy statement is also set out in our Supplier Code of Conduct.

Each Group operating company has a Compliance Department responsible for managing the anti-bribery programme in their business. The compliance teams from across the Group meet regularly through Working Groups and Steering Groups, under the leadership of the IAG Group Compliance Director, and annually they conduct a review of bribery risks at operating company and Group level.

In 2020, the main risks identified were unchanged from the previous year and relate to the use of third parties, operational and commercial decisions involving government agencies, and the inappropriate use of gifts and hospitality. No compliance breaches were identified in 2020.

Anti-bribery and corruption training is mandatory for all IAG operating companies, Group functions and the Board and takes the form of e-learning supplemented by face-to-face sessions as necessary. Individual training requirements are set by each operating company and function, and are determined by factors such as the level and responsibilities of an employee. The Group-wide anti-bribery e-learning, which was rolled out in 2019, has a recurrence of three years. In 2020 a total of 1,984 employees completed the anti-bribery and corruption e-learning course, compared with 7,933 in 2019.

To identify, manage and mitigate potential bribery and corruption risks, IAG uses risk-based third-party due diligence which includes screenings, external reports, interviews and site visits depending on the level of risk that a third party presents. Any risks identified during the due diligence process are analysed and a mitigation plan put in place as necessary. Certain risks could result in termination of the proposed or existing relationship with the counterparty. The IAG Audit and Compliance Committee receives an annual update on the anti-bribery compliance programme.

There were no legal cases regarding corruption brought against the Group and its operating companies in 2020 and management is not aware of any impending cases or underlying issues.

IAG has processes and procedures in place across the Group, such as supplier vetting and management, Know Your Counterparty procedures and financial policies and controls which help to combat money laundering in the business.

A.5 Sustainability risks and opportunities

GRI 102-11, 102-15

Overview

Since 2019, sustainable aviation risks have been identified as a principal risk to IAG. Climate-related risks are considered and assessed under the Group Enterprise Risk Management (ERM) framework which is presented to the Board. More details on risk management procedures, and how Group risks inter-relate, can be found in the 'Risk Management and principal risk factors' section.

Sustainability risks and opportunities, including climate-related risks and opportunities, are also identified and assessed by the Group Sustainability team, in conjunction with the Group ERM team. This assessment includes risks over medium-term (two to five years) and long-term (greater than five year) timescales. These risks are bi-annually reported to and reviewed by the IAG Management Committee and the IAG Audit and Compliance Committee, and regularly reported to the IAG Chief of Staff who reports to the IAG CEO. Plans to mitigate risks are developed by relevant risk owners in specific areas of the business.

IAG allocates significant resources to environmental risk management. This includes a strategic commitment to invest US$400 million (€360 million) over 20 years in SAF development, production and supply, along with a dedicated sustainable fuels team. This also includes a significant and continued investment over five years in the Honeywell GoDirect Flight Efficiency software, to manage risks related to operational efficiency, with dedicated representatives within operating companies to manage operational efficiency programmes. In addition, each of the Group's four main airlines are working towards IEnvA[1] accreditation and have invested in people and IT resources to enable this.

IAG is committed to mitigating the impacts of hazards which have uncertain but potentially highly negative outcomes, on the environment or people, if they occur. As such, IAG adopts precautionary measures to mitigate these hazards, an approach known as the precautionary principle. The precautionary principle is applied to the planning of operations and the development and launch of new services, by integrating climate considerations into business plans and financial forecasts and aligning activities with the Flightpath Net Zero programme. Detailed risk mitigation measures are outlined in the tables on the following pages.

TCFD-aligned climate-related scenario analysis

IAG was an early adopter of the Task Force on Climate-related Financial Disclosures (TCFD) guidance on climate-related scenario analysis and climate-specific risk assessments. In 2018, IAG followed the TCFD six-step process and analysed the implications of climate change on business activity in 2030. This analysis helped in reviewing the resilience of IAG's business strategies in the context of climate change and was instrumental in the 2019 design and adoption of IAG's Flightpath Net Zero climate strategy.

The 2018 exercise included two climate scenarios and the impacts of these scenarios on IAG's costs of inputs, operating costs, revenues, supply chain, and business interruption. Outputs included an initial qualitative assessment of how IAG could respond in terms of adapting the business model, portfolio mix, investments in transition capabilities and technologies and the potential impact on strategic and financial plans.

The scope of the exercise included:

- a two-degree Celsius temperature rise scenario (Representative Concentration Pathway (RCP) 2.6), consistent with the goals of the 2015 Paris Agreement;
- a four-degree temperature rise scenario (RCP 8.5), as an alternative high-emission scenario;
- stakeholders from IAG Strategy, Treasury, ERM, Investor Relations, Digital Innovation, Procurement and Sustainability as well as environmental and fuel efficiency managers from our operating companies; and
- 2030 as a long-term timeframe but an intermediate milestone enroute to 2050.

A key finding was that IAG would incur additional operating costs under both climate scenarios. Under a two-degree scenario, most of this increase would result from carbon prices or climate-related policy interventions. Under a four-degree scenario, IAG was more likely to face increased costs from operational disruption as a result of extreme weather events becoming more frequent.

1 See Sustainability Governance section for IEnvA definition.

The results of this scenario analysis raised climate change awareness internally and have informed specific changes to IAG's business operations and strategy:

- design and adoption of the industry-leading Flightpath Net Zero climate strategy;
- identifying and disclosing several new climate-related risks and opportunities;
- identifying "sustainable aviation" risks as a principal risk;
- deeper integration of climate considerations into internal business planning and financial planning processes; and
- embedding a sustainability category into the Hangar 51 accelerator programme to support low-carbon innovation.

During 2020 IAG updated internal assessments of climate-related risks, by testing and revising assumptions on post-pandemic business growth and the regulatory context and future carbon price for all operating airlines. Forecasting of climate-related regulatory impacts is integrated into IAG's business and financial planning process.

In 2021 IAG plans to repeat climate-related scenario analysis in line with the latest TCFD recommendations and guidance.

Summary of risk impacts and mitigation

IAG categorises climate-related risks in line with Task Force on Climate-related Financial Disclosures (TCFD) guidance. Specific risks are mitigated though existing processes, additional investments, or specific strategies as outlined in the table below. IAG uses internal carbon prices based on current EU ETS prices, the UK Department for Transport (DfT) Aviation Forecast, and International Energy Agency (IEA) CORSIA price forecasts. In 2020, EU ETS prices of €26/tonne and CORSIA prices of $17/tonne were used to forecast the compliance costs of international flights.

Trend key[1]: Increase | Stable | Decrease | S short-term (1-2 years) | M medium-term (2-5 years) | L long-term (greater than 5 years)

Summary of risk impacts and mitigation

Key climate-related risks

TCFD risk category: Regulatory (current)

Risk title	Risk description	Potential financial impacts	Mitigating actions
Higher carbon price and stringent policy mechanisms Stable, M	A rising cost of carbon in regulatory market-based schemes such as the UK ETS and EU ETS would add to our operating costs.	EU ETS prices rose 55% between 2018-20, from €16 to €25/tonne CORSIA unit prices were expected to rise at least 65% between 2020 and 2030[2]	• Via the Flightpath Net Zero programme, setting and working towards ambitious climate targets to minimise the IAG footprint and exposure to climate regulation • Lobbying for effective global regulation and robust and fair policies to meet global climate goals • Factoring carbon price forecasts into business decisions on fleet planning and investment • Continuing investment in modern fleet and innovations to ensure continual improvement in operational fuel efficiency • An effective procurement strategy for carbon credits to protect against price volatility • Driving and supporting low-carbon innovation via the Hangar 51 accelerator programme

1 Risk and opportunity trends as assessed by IAG Sustainability in relation to external changes, rather than mitigating actions.
2 Pre-pandemic.

Key climate-related risks

TCFD risk category: Regulatory (emerging)

Risk title	Risk description	Potential financial impacts	Mitigating actions
A global patchwork of uncoordinated national and regional climate policies	Several countries and the EU have already adopted or are considering carbon taxes. The UK is establishing a UK ETS. Use of regional instruments such as taxes or mandates may lead to increased compliance costs, increasing regulatory complexity, and inequitable costs causing competitive distortion. Duplicate regulations and the inconsistent application of monitoring, verification and reporting requirements could have similar effects.	Revenue impact due to reduced demand as a result of higher pricing	• Lobbying for a global net zero target for aviation to be agreed at the ICAO General Assembly in 2022 • Allocating resources to engage with governments, trade associations, IATA and ICAO to help implement the UN CORSIA scheme, which represents a single effective global carbon-pricing solution for aviation • Supporting implementation and adoption of CORSIA, robust rules for monitoring and criteria for emissions reductions, and lobbying for universal adoption

TCFD risk category: Market

Risk title	Risk description	Potential financial impacts	Mitigating actions
Changing customer behaviour	Ethical and sustainability concerns being an increasing factor in consumer choices may mean some consumers choose to travel less frequently, less far, or choose different travel modes.	Potential revenue impact from reduced or changed travel behaviours and corporate travel budgets	• Using all available tools, as well as influencing global policy and driving industry-wide action, to minimise IAG's carbon footprint • Acting in advance of potential changes in behaviour by effectively communicating the Flightpath Net Zero programme to customers and suppliers and offering climate mitigation options such as voluntary offsetting

TCFD risk category: Acute physical

Risk title	Risk description	Potential financial impacts	Mitigating actions
Increased severity and frequency of extreme weather events and local climate-related circumstances	Increased frequency of high winds, fog events, storms, turbulence, sustained extreme heat events or stronger jet stream would increase operating costs by increasing delays, fuel burn and requiring additional cooling and maintenance costs. Local climate-related circumstances such as fires, algal blooms and droughts could make destinations temporarily less attractive.	Costs of delays and operational disruption including turbulence	• Partnerships to mitigate operational disruption. For example, working with the UK National Air Traffic Service (NATS) and other air navigation service providers, a "Linear Holding" system called XMAN was launched at London Gatwick airport in 2019. If arriving aircraft are delayed by more than seven minutes, this system ensures they are slowed down, reducing stack holding and fuel burn and therefore CO_2 emissions

Other climate-related risks

TCFD risk category: Technology

Risk title	Risk description	Potential financial impacts	Mitigating actions
Sustainable aviation fuels mandates M	Scandinavian countries have introduced mandates for a proportion of SAF in aviation fuel, and the EU and Spain are considering mandates. Mandates would incentivise production but could force airlines to purchase SAF at an excessive price premium compared with conventional fuels. This could also create competitive distortion and lead to production of fuels with lower sustainability criteria.	SAF is currently three to four times the cost of fossil fuels	• Contributing to the 2020 World Economic Forum "Cleaner Skies for Tomorrow" initiative to develop scenarios on SAF uptake • Contributing to the 2020 EC ReFuelEU consultation, to ensure that any mandates do not create competitive distortion or carbon leakage • Working at UK and international levels to strengthen global climate regulations on SAF • Supporting policy incentives that help deliver SAF at prices competitive with conventional fuels through new technology development • IAG believes sustainable fuel mandates should preferably only be applied at a global level rather than a national or regional level to prevent competitive distortion

TCFD risk category: Market

Risk title	Risk description	Potential financial impacts	Mitigating actions
Destinations becoming unattractive for visitors L	For example, extreme weather events and physical impacts of climate change such as flooding, drought, forest fires, heat waves, algal blooms, coral bleaching, rising sea levels and reduced snow cover in ski destinations could make certain destinations less desirable and impact customer demand.	Potential revenue loss due to changing travel choices that affect markets IAG flies to e.g. Caribbean due to hurricanes, the Alps due to shorter ski seasons	• Ongoing lobbying and engagement in projects and initiatives designed to reduce the industry's impact on climate change • Teams dedicated to assessing and understanding changes in customer demand and managing network developments to respond to such changes • Strategy to ensure aircraft and crew flexibility means we are prepared and able to respond to shifting demand patterns

TCFD risk category: Reputation

Risk title	Risk description	Potential financial impacts	Mitigating actions
Potential target for direct action protests S	Direct action e.g. protests could disrupt flight operations and/or restrict staff and passenger access.	Operational disruption	• Close liaison with government agencies, airport operators and commercial organisations to assess challenges • Contingency and business interruption planning

Other climate-related risks

TCFD risk category: Reputation

Risk title	Risk description	Potential financial impacts	Mitigating actions
Operational activities deemed to be inconsistent with low-carbon behaviours (NEW)	Perceptions of our products and climate-related operational practices in relation to the IAG climate strategy and national and international climate goals.	Changes in corporate accounts or travel policies	• Minimising IAG's carbon footprint via the Flightpath Net Zero programme • Embedding sustainability considerations into business planning and operational decision-making • Engagement and collaboration with corporate customers to identify and address potential environmental desires or concerns • Effectively communicating actions to customers and suppliers and offering climate mitigation options such as voluntary offsetting

TCFD risk category: Regulatory (emerging)

Risk title	Risk description	Potential financial impacts	Mitigating actions
Regulation on non-CO_2 impacts (NEW)	New external research indicates the non-CO_2 impacts of aviation are at least as significant as CO_2. The EU is reviewing whether to incorporate these impacts into climate compliance schemes and climate-neutral objectives, which could increase compliance costs.	A potentially higher obligation for climate mitigation	• Via the Flightpath Net Zero programme • Working through trade associations and research partnerships to improve understanding of aviation's climate impacts • Engaging in research to better understand non-CO_2 benefits of SAF

TCFD risk category: Market

Risk title	Risk description	Potential financial impacts	Mitigating actions
Cost of capital tied to decarbonisation strategy (NEW)	Governments, investors and lenders increasingly tying funding to decarbonisation strategies.	Potential for higher rates on lending or an increase in resources required to secure funding	• Quantifying the financial impacts of climate risks and opportunities • Robust and transparent external disclosures on climate impact and strategy • Engaging with financial stakeholders via IAG Investor Relations

TCFD risk category: Chronic physical

Risk title	Risk description	Potential financial impacts	Mitigating actions
Persistent drought-induced water scarcity in some destinations	Drought-induced water scarcity at outstations could increase the need for potable water carriage due to volume and quality concerns.	Fuel costs due to increased potable water carriage	• Teams dedicated to assessing and understanding changes in customer demand and managing network developments to respond to such changes

Climate-related opportunities

TCFD category: Technology

Opportunity title	Opportunity description	Potential financial impacts	Actions to realise opportunity
Use of new aircraft technologies S	Use of latest generation aircraft can reduce fuel burn and carbon impact by 25 to 40 per cent compared with aircraft they replace.	Fuel savings and carbon cost savings	• Continually investing in fleet modernisation that supports business needs and aligns with the Flightpath Net Zero programme • Retirement of older, less-efficient aircraft • Investment to realise opportunity: aircraft purchases and engine changes
Use of lower-emission sources of energy (SAF) M	Commercial and environmental opportunity to source cost-effective sustainable fuel and reduce CO_2 emissions, thereby reducing compliance costs for CORSIA and the EU ETS.	Carbon cost savings from use of SAF/hydrogen	• Ongoing lobbying for support for the development of new SAF technologies at the global, EU and UK levels • Investment to realise opportunity: direct investments in SAF production, offtake agreements

TCFD category: Market

Opportunity title	Opportunity description	Potential financial impacts	Actions to realise opportunity
Differentiate our brands M	To differentiate IAG brands by showing leadership, innovation and action to mitigate climate impacts, so attracting customers concerned about climate change.	Greater consumer loyalty	• Working with specific companies to help them reduce the impacts of their corporate travel • Investment to realise opportunity: communications campaigns and percentage of profit into sustainability

TCFD category: Regulatory

Opportunity title	Opportunity description	Potential financial impacts	Actions to realise opportunity
Higher carbon price and strong policy incentives M	Support stronger business case for investment in low-carbon technologies which accelerate decarbonisation progress.	Financial benefits from delivery of projects	• Investment to realise opportunity: internal people resource

Climate-related opportunities

TCFD category: Market

Opportunity title	Opportunity description	Potential financial impacts	Mitigating actions
Destinations becoming attractive for visitors	Climate change could make certain destinations more attractive or accessible to visitors, for example a longer summer season.	More flights to more attractive destinations	• Investment to realise opportunity: n/a as incorporated into business planning

Other sustainability risks

Current regulation, Emerging regulation

Risk title	Risk description	Potential financial impacts	Mitigating actions
Operational noise restrictions and charges	Airport operators and regulators apply operational noise restrictions and charging regimes which may restrict airlines' ability to operate especially and introduce additional costs.	Reduced flying on specific routes due to UK night flight regulation	• Investing in new quieter aircraft as part of fleet modernisation • Continually improving operational practices including continuous descents, slightly steeper approaches, low-power low-drag approaches and optimised departures • Internal governance and training and external advocacy in UK, Ireland and Spain to manage challenges

Legal, Reputational

Risk title	Risk description	Potential financial impacts	Mitigating actions
Supply chain sustainability compliance	Potential breach of compliance on sustainability, human rights or anti-bribery by an IAG supplier resulting in financial, legal, environmental, social and/or reputational impacts.	Penalties from breaches of regulation e.g. modern slavery and potential reputational damage	• IAG GBS procedures including Integrity, sanctions and CSR audits, IAG Know Your Counterparty due diligence for higher-risk third parties, Supplier Code of Conduct • Internal governance on supplier management to identify challenges and mitigation actions • Supplier screening using external business intelligence databases which actively monitor supplier status and flag risks including sustainability

Legal, Reputational

Risk title	Risk description	Potential financial impacts	Mitigating actions
Environment regulation compliance	An inadvertent breach of compliance requirements with associated reputational damage and fines.	Increasing regulation, increasing cost of compliance and increasing fines related to non-compliance	• Strengthening sustainability governance • Embedding sustainability considerations into business plans, financial plans, and business cases • Internal governance, training and assigning ownership for environmental compliance obligations • Engaging with carbon market advisers to understand and mitigate compliance challenges and identify future opportunities • IEnvA certification to improve internal compliance process

A.6. Stakeholder engagement

GRI 102-43, 102-44

In 2020 IAG continued to engage with a wide range of stakeholders specifically on sustainability issues. Reasons for engaging with eight key stakeholder groups are outlined in the tables below.

IAG is a member of multiple trade associations, listed on the next page, and is proactively driving trade association positions towards consistency with global 1.5°C climate ambitions. Internal governance processes ensure that stakeholder engagement is consistent with IAG's material issues and environmental goals. Where positions with trade associations are inconsistent, IAG representatives take roles on task forces and working groups and respond to consultations to communicate our stance and constructively move to alignment.

Summary of organisation and trade association activity in 2020

GRI 102-13

Organisation	Scope	Key leadership role/s	Key leadership action
UN	Global	IAG CEO was the only aviation CEO to speak at UN Climate Ambition Summit in December 2020 Member of Race to Zero campaign	First airline signatory to Business Ambition for 1.5°C pledge, which had 364 global signatories as of December 31, 2020.
ICAO	Global	Keynote panel speakers at ICAO Global CO_2 Stocktaking Event Member of Fuels Task Group	Supporting SAF sustainability standards Finalising rules for CORSIA scheme
SBTi	Global	One of sixteen airlines on the Technical Working Group for the aviation sector	Active in-kind support to develop criteria and guidance for 'science-based' aviation targets, which SBTi will launch in 2021
Jet Zero Council (JZC)	UK	IAG representative chairs SAF Delivery Group Member of fuels expert group	Supported efforts to ensure primary focus of JZC is on SAF and supported set-up of the SAF Delivery Group

Industry associations and alliances	Scope	Key leadership role/s	Key leadership action
IATA	Global	IAG representative chairs IATA Sustainability and Environment Advisory Council Representation on four key working groups – SAF, Fuels, Long-term Targets, Waste Keynote panel speaker for SAF symposium	Supporting moves for industry commitment to net zero emissions by 2050 Finalising rules for CORSIA scheme to enable carbon-neutral growth in international aviation
Air Transport Action Group (ATAG)	Global	Keynote panel speaker at Global Sustainability Aviation Summit	Five staff formally acknowledged for contributions to Waypoint 2050 global decarbonisation roadmap
oneworld	Global	IAG representative co-chairs the environmental and sustainability best practice steering group British Airways representative leads waste workstream	Instrumental in delivery of **one**world net zero commitment in September 2020
Airlines 4 Europe (A4E)	European	Five staff contribute environmental expertise to working groups and consultations	Initiated EU aviation carbon roadmap and contributed expertise Created interactive decarbonisation roadmap to share with A4E airlines

Industry associations and alliances	Scope	Key leadership role/s	Key leadership action
Sustainable Aviation (SA)	UK	Member of SA Council Member of multiple working groups	Instrumental in delivery of net zero commitment and production of CO_2 and fuels roadmaps in February 2020 Hosted three workshops in 2019 to support the above
Royal Aeronautical Society (RAeS)	UK	IAG on Executive Committee of Greener by Design group	Supported RAeS Annual Climate Conference by sourcing eight speakers including British Airways CEO Sean Doyle
Coalition for Negative Emissions	UK	One of 11 member organisations to launch this coalition in 2020	Lobbying UK Government to support negative emissions technologies
Grupo Español de Crecimiento Verde	Spain	Iberia is one of 50 pioneering IBEX35 companies to join	One of 34 members to sign letter calling for green recovery

Unless otherwise stated, activities below relate to the Group. More details can be found in the indicated sections.

Stakeholders	Why we engage/key topics	How we engage
Industry associations	To develop common policy positions To improve lobbying effectiveness To ensure consistency between IAG sustainability goals and the goals of associations of which IAG or operating airlines are members To share our expertise on SAF and carbon pricing for the benefit of industry progress on the environment	See previous page Leading roles on task forces Contributing expertise to roadmaps Supporting relevant events/working groups Driving and supporting discussions on achieving net zero emissions and 1.5°C-aligned pathways
Government and other regulators	To support UK and EU commitments to net zero emissions To build support for a net zero emissions target for aviation through the UN aviation regulator ICAO To influence UK, Spanish, Irish, EU and global policies on taxes, SAF and carbon pricing, noise and airspace modernisation so that these policies are effective and fair To increase research and funding for low-carbon aircraft, SAF and carbon removal technologies	Contributing to public policy consultations Attending UN summits and working groups Through joint dialogue with trade associations Meetings with government officials, ministers and parliamentarians Senior representation on UK JZC and Airspace Board Exploring new policy options for producing SAF from non-biological sources Supported successful Sustainable Aviation bid for £18 million in funding for SAF development in 2020
Customers	To demonstrate IAG's sustainability commitments to action, initiatives and leadership To facilitate passenger action on the environment To stay attuned to changing customer demands To offer employment opportunities	Sharing Flightpath Net Zero material on the IAG website Offering websites for British Airways and Aer Lingus passengers to offset their flight emissions Social media communications Onboard communications e.g. in-flight entertainment Customer surveys Focus groups Meetings and interviews

Unless otherwise stated, activities below relate to the Group. More details can be found in the indicated sections.

Stakeholders	Why we engage/key topics	How we engage
Workforce	To align individual airline sustainability programmes with Group To share ideas and best practice To respond to demands from internal stakeholders To drive positive employee engagement To improve recruitment and retention opportunities	European Works Council (EWC) meetings for EEA staff Monthly IAG Sustainability Network meetings for sustainability staff Voluntary environmental and waste champions Staff awareness campaigns Connecting sustainability leads in the IAG operating companies to suppliers
Suppliers	To minimise exposure to ESG risks To support manufacturers in improving aircraft efficiency To gain support for SAF To identify opportunities to reduce supplier emissions	Procurement processes Screening and on-site audits Joint projects Hangar 51 accelerator programme Industry conferences and supplier sustainability workshops
Shareholders and other financial stakeholders	To understand their approach to ESG, to enable us to better align our programmes with their priorities To demonstrate action and leadership to external stakeholders on IAG initiatives To maintain and increase transparency To respond to legal obligations	Investor relations contact with groups including institutional investors and shareholders, debtholders, debt providers and credit rating agencies Conference calls with institutional investors Via corporate website Disclosures to external rating agencies CDP, TPI, Sustainanalytics, MSCI, Vigeo Eiris Surveyed investors on ESG preferences Emphasised sustainability strategy in half year and full year results presentations
Communities	To minimise potentially negative impacts of aircraft operations, such as noise and air pollution, on quality of life in communities near where airlines operate To increase IAG's positive wider impacts	Participating in airport community forums Community giving campaigns Engaging local schools in sports, charity and learning events
NGOs and academic institutions	For independent reviews of materiality To maintain an informed position on sustainability leadership To share our expertise on SAF and carbon pricing for the benefit of industry progress on the environment	Meetings and visits Industry conferences and workshops Contributing to NGO initiatives IAG staff on academic boards at Cranfield, Heriot Watt and Aston Supergen consortium IAG staff on steering board of Biotechnology and Biological Sciences Research Council (BBSRC)

B. Planet

B.1. Climate change impacts

GRI 301-1, 302-1, 305-1, 305-2, 305-3, 305-4, 305-5

IAG's impact on climate change reduced dramatically in 2020, primarily reflecting the significant drop in flying activity. Scope 1 emissions dropped by 64 per cent, Scope 2 emissions dropped by 54 per cent and use of renewable energy rose by 11 percentage points. Emissions are expected to rise as the Group recovers from the COVID-19 pandemic. However, growth is decoupling from emissions and internal forecasts suggest 2019 could represent peak emissions due to current and future use of a more fuel-efficient fleet and expanded use of SAF.

IAG calculates its impact on climate change by multiplying fuel and energy use by appropriate conversion factors that are aligned with the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report. UK Government GHG conversion factors are applied across the Group as these are deemed to be the most robust factors available. IEA national electricity emissions factors, and gCO_2/kWh factors from national agencies, are used to calculate Scope 2 emissions.

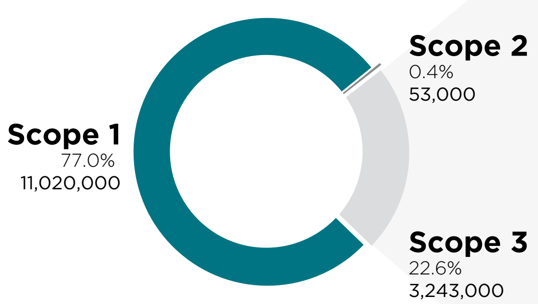
IAG consumed a total of 43 million MWh of energy in 2020 with 86 per cent of electricity use and 0.6 per cent of total energy use being from renewable sources. 66 per cent of this consumption is attributed to the UK, based on British Airways Scope 1 emissions and Group electricity use in UK-based offices.

IAG discloses its impact in terms of CO_2-equivalent emissions, which includes CO_2, CH_4, and N_2O. Scope 1 emissions in 2020 were:

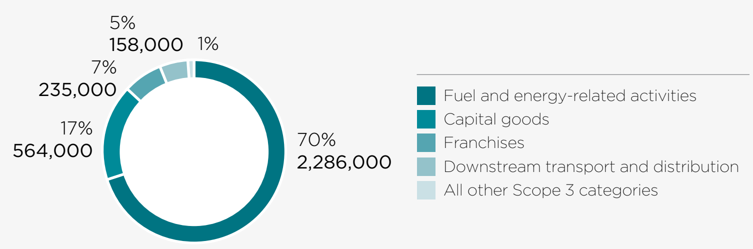
- 10.91 million tonnes (MT) carbon oxide (CO_2)
- 0.10 MT nitrous oxide (N_2O)
- 0.01 MT methane (CH_4)

This shows that CO_2 is 99 per cent of the Scope 1 impact. IAG only discloses CH_4 and N_2O as non-CO_2 GHGs, in line with the latest available UK Government GHG conversion factors.

Total GHG emissions in tonnes CO_2e[1]



Scope 3 GHG emissions in tonnes CO_2e[1 2]



Key Metric	Unit	vly	**2020**	2019	2018	2017	2016
Scope 1 CO_2e	MT CO_2e	-64%	**11.02**	30.78	29.99	28.76	28.26
Net Scope 1 CO_2e	MT CO_2e	-61%	**10.85**	27.60	27.22	26.17	*nr*
Scope 2 location-based	kt CO_2e	-23%	**52.6**	68.6	70.4	92.6	103.1
Scope 2 market-based	kt CO_2e	-54%	**10.0**	21.7[3]	40.7	61.9	92.9
Scope 3	MT CO_2e	-64%	**3.24**	9.04	8.79	7.88	7.64
Emissions intensity (jet fuel)	gCO_2/pkm[4]	+18%	**106.2**	89.8	91.5	92.3	94.8
Renewable electricity	%	+11pts	**86%**	75%[3]	54%	54%	*nr*

Note: "nr" means "not reported previously"
1 Values rounded to nearest thousand tonnes.
2 Only material Scope 3 categories are reported here. Other Scope 3 categories are approximately 1% of IAG's Scope 3 footprint, based on past analysis.
3 Restated using an updated methodology. More details provided on next page.
4 Definition of passenger-km provided on the next page.

Commentary on key metrics

Metric	Unit	Description	Commentary
Flight-only emissions intensity	gCO_2/pkm	Grammes of CO_2 per passenger kilometre is a standard industry measure of flight fuel efficiency. It is calculated by dividing total jet fuel use by total passenger-km, assuming 10 cargo-tonne-km is equivalent to one passenger-km. For accuracy, IAG excludes the jet fuel use of franchises and cargo freight on other airlines, and excludes no-show passengers. The passenger-km used in the 2020 calculation is 70,469 million and the cargo-tonne-km is 3,187 million.	The 2020 worsening of fuel efficiency is driven by much lower load factors. Passenger numbers dropped by 73.6% and load factors dropped 20.8 percentage points due to the COVID-19 pandemic. Between 2011 and 2019, IAG's average annual improvement in grammes of CO_2/pkm was 1.6% per annum, ahead of the IATA industry target of 1.5%. Group fuel efficiency is expected to be back on track by 2023.
Scope 1 emissions and net Scope 1 emissions	Tonnes CO_2e	Direct emissions associated with IAG operations including use of jet fuel, diesel, petrol, natural gas, and halon. Sources of emissions include aircraft engines, boilers, auxiliary power units and ground vehicle engines. These emissions are primarily CO_2 but other GHGs such as methane and nitrogen oxide are also reported as part of the CO_2-equivalent metric. Net emissions are calculated by subtracting the volumes of offsets voluntarily purchased, volumes of offsets purchased to meet CORSIA compliance obligations, and allowances purchased from other sectors as part of meeting EU ETS compliance obligations.	99.6% of Scope 1 emissions are from jet fuel. Commercial aircraft remain reliant on liquid kerosene for the foreseeable future. While flying activity has decreased by 75%, Scope 1 emissions have only dropped by 64% due to the effect of continuing to fly aircraft with emptier loads. 2020 net emissions are reduced by 168kt due to British Airways domestic offsetting. EU ETS allowances purchased from other sectors equate to a net reduction as per European Commission guidance. IAG has been disclosing net emissions since 2017 using this methodology.
Scope 2 emissions (market-based/ location-based)	Tonnes CO_2e	Emissions associated with electricity use in, for example, offices, lounges, data centres and hangars. Market-based emissions are based on the carbon intensity of electricity purchased from suppliers. Location-based emissions are based on the carbon intensity of national electricity grids.	The 2020 decrease was driven by increased procurement of renewable electricity in Spain and at UK and Spanish airports, and higher use of renewables in national electricity grids. Where the electricity use of overseas offices was not avaiable, this was based on leased space in m^2, multiplied by relevant kWh/m^2 factors and IEA national electricity emissions factors.
Scope 3 emissions	Tonnes CO_2e	Indirect emissions associated with products IAG buys and sells. Analysis in 2018 and 2019 revealed that Scope 3 categories 2, 3, 9, and 14 represent approximately 99% of IAG's Scope 3 footprint. Other categories are calculated within six months of year-end.	The drop in Scope 3 emissions is related to the drop in activity of the fleet. 70% of Scope 3 emissions are from fuel and energy-related activities (see pie chart on previous page).
Renewable electricity	%	The share of electricity generated by renewable sources such as solar power and wind, based on volumes procured from renewable electricity suppliers. In cases where electricity sources were unavailable, the source of electricity is assumed to be the national grid.	The 2020 increase is driven by procurement of renewables in Vueling and Iberia and at UK and Spanish airports where we operate. The 2019 value has been restated using the latest verified data, more robust calculations of ground power, and national grid emissions factors published after year end.

Metric	Unit	% vly	**2020**	2019	2018	2017	2016
Emissions intensity (Scope 2)	gCO_2/pkm	+154%	**0.51**	0.20	0.22	0.28	0.35
GHG reduction initiatives	Tonnes CO_2e	-78%	**17.21**	77.39	65.66	*nr*	*nr*
Electricity	Mn kWh	-19%	**215.7**	267.7[1]	234.9	253.2	*nr*
Energy	Mn MWh	-65%	**42.5**	119.7[1]	119.4	114.4	108.4
Revenue per tonne CO_2e	€/tonne CO_2e	-15%	**705**	827	811	796	796
Jet fuel use	MT fuel	-64%	**3.45**	9.65	9.41	9.02	8.86
Fleet age	years	-7%	**10.6**	11.4	11.3	11.4	10.8

Note: "nr" means "not reported previously"'

1 Restated using a more robust methodology and latest electricity emissions factors. Descriptions and commentary on these metrics is available in the 'Additional Disclosures' section of the IAG Non-Financial Information Statement.

B.2. Climate change commitments – Flightpath Net Zero

Supports SDG 13

IAG will deliver net zero emissions across its global operations by 2050. This aligns with worldwide efforts to keep average global average temperatures below a 1.5°C rise. IAG was the first airline group to commit to this goal and the first airline group to sign the UN Business Ambition for 1.5°C pledge.

In this context, net zero emissions means that all CO_2 that IAG operations emit in a year will be balanced out by an equivalent amount of CO_2 removed from the atmosphere. The net zero commitment covers Scope 1 and 2 CO_2 emissions. IAG is committed to minimising non-CO_2 impacts as well, and will review targets on these when the science around them becomes more robust. The focus is on reducing use of fossil jet fuel, as this accounts for 99 per cent of the Scope 1 and 2 footprint.

The pioneering Flightpath Net Zero programme underpins the IAG commitment. This programme includes 2025 and 2030 Group-wide targets, financial incentives for senior managers explicitly tied to delivery of carbon intensity targets for both the Group and operating airlines (See 'Sustainability strategy' section), and a published 30-year roadmap for achieving net zero.

IAG will minimise gross emissions through a combination of fleet modernisation, operational efficiency and SAF. In 2050, any remaining emissions will be neutralised by use of GHG removal technology. IAG sees carbon offsets as a transitional measure and is advocating for government support for GHG removal technology via membership of the Coalition for Negative Emissions. Net emissions will be reduced in the short- and medium-term by use of carbon offset and removal projects and funding emissions reductions via the UK and EU ETS.

Group-wide climate targets remain the same and have been re-baselined to 2019 due to the pandemic:

- Net zero CO_2 emissions for British Airways UK domestic flights from January 1, 2020;
- 11 per cent improvement in fuel efficiency between 2019 and 2025, from 89.8g CO_2/pkm to 80g CO_2/pkm in 2025;
- 20 per cent reduction in net CO_2 emissions between 2019 and 2030, from 27.6 MT to 22 MT in 2030; and
- Net zero Scope 1 and Scope 2 CO_2 emissions by 2050.

IAG also had a target for a 10 per cent improvement in fuel efficiency between 2014 and 2020, from 97.5g CO_2/pkm to 87.3g CO_2/pkm. In 2019, IAG achieved 89.8gCO_2/pkm and was on track. The 2020 target was not met due to a drop in passenger load factors as a result of the COVID-19 pandemic.

Plans for fleet composition and capacity and operational efficiency initiatives should enable delivery of the 2025 fuel efficiency target of 80g CO_2/pkm. In light of the ongoing impact of COVID-19, IAG will review this target in the first half of 2021.

In 2020 IAG was an active participant in the SBTi Technical Working Group for aviation, to develop methodologies for aviation climate targets aligned with a global climate scenario of well below 2 degrees. Once the SBTi finalises a target-setting methodology for airlines in 2021, IAG plans to submit a target for approval.

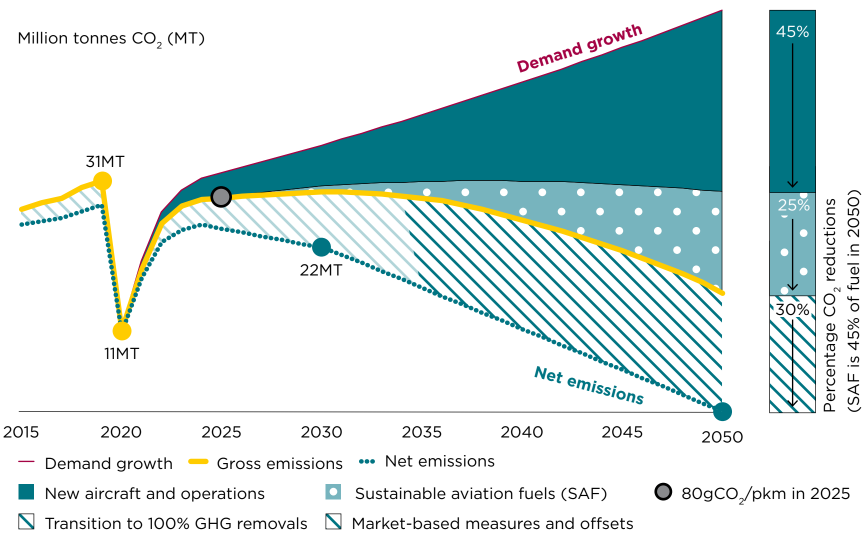
B.3. Climate change roadmap

IAG was the first airline group to publish a quantified roadmap to net zero emissions. This was based on comprehensive modelling.

An updated roadmap scenario for IAG is shown on the right. This assumes a recovery to 2019 levels of passenger demand by 2024, and then annual demand growth of approximately two per cent to 2050, in line with IATA industry forecasts. The recovery path between 2020 and 2023 is illustrative and will change, but IAG remains committed to its 2025, 2030 and 2050 targets.

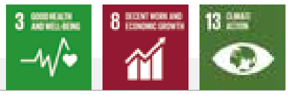
The IAG ambition is for at least 45 per cent of fuel in 2050 to be from SAF, up from 30 per cent due to lower overall jet fuel use and continued policy support. Overall fuel efficiency will improve by at least 70% by 2050 compared to 2019 levels.

In 2021, IAG will update this 30-year decarbonisation plan to account for the latest recovery forecasts, any acquisitions, policy and technology developments, and target-setting methodologies.



Fleet modernisation

Supports SDGs 3,8,13



IAG continues to invest in next-generation aircraft and engine changes. These changes, along with fleet retirements, will play a major role in reducing emissions intensity per passenger.

2020 progress:

- Across the Group 34 new, more fuel-efficient aircraft were delivered and 62 older aircraft disposed of or retired;
- British Airways and Iberia retired their entire fleets of 32 Boeing 747s and 15 Airbus A340s respectively;
- British Airways now has 23 Airbus 320/321neos, eight Airbus A350s and 32 Boeing 787s, all of which are 25 to 40 per cent more fuel-efficient than the aircraft they replaced;
- Iberia now has eight Airbus A320neos, three Airbus A321neos, and nine Airbus A350s, which are between 15 to 35 per cent more efficient than the aircraft they replaced;
- Vueling has 25 Airbus A320neo aircraft, which achieve an 18 per cent reduction in fuel burn compared to the Airbus A320ceo; and
- Aer Lingus retired its last two Boeing 757 aircraft and received a new Airbus A321neoLR which achieves a 20 per cent reduction in fuel burn.

Operational efficiency

GRI 305-5
Supports SDGs 3, 13

IAG continues to develop annual programmes of operational and fuel efficiency initiatives for both aircraft and ground operations. Representatives within each airline are working to reduce onboard fuel consumption and fly aircraft as efficiently as possible, without negatively affecting flight safety, passenger service offerings or flight schedules where possible.

The Honeywell GoDirect Flight Efficiency software is in use across the Group to identify and monitor fuel-saving opportunities.

Examples of fuel efficiency initiatives implemented over the past two years include optimised engine washes, reducing the use of Auxiliary Power Units (APUs), landing light deployment, single engine taxi-in, continuous descent operations, lighter main wheels and reducing weight onboard.

2020 progress:

- IAG delivered 17,208 tonnes of CO_2e savings through GHG initiatives, a 78 per cent drop compared with the 77,386 tonnes delivered in 2019, however the drop primarily reflects the decline in flights and operations due to the pandemic;
- Vueling upgraded APUs to minimise energy consumption and is using lightweight trolleys to reduce weight onboard;
- Iberia installed more than 5,300 solar panels on its aircraft engine maintenance hangar in Madrid, working in partnership with specialist firm Getting Greener. From 2021 these solar panels will generate 80 million kWh a year for Iberia's hangars, workshops and offices;
- Aer Lingus fully replaced its hangar lighting with energy-efficient light-emitting diode (LED) units; and
- IAG Cargo planned trials of new electric vehicles at Heathrow and Dublin airports for 2021.

Sustainable Aviation Fuels

Supports SDGs 7, 8, 13

IAG is a leader in developing SAF by making direct investments in production capacity for "second generation" fuels, which use carbon-rich waste feedstocks, in addition to purchasing these fuels where mandates exist to do so. SAF is chemically almost identical to jet fuel from fossil fuels, but over its recent life cycle emits 70 to 100 per cent less CO_2 and according to recent research materially reduces particulate emissions and non-CO_2 effects. The Group's investments are backed up with SAF purchase agreements which are critical to the financeability of the new SAF production capacity.

The Group has committed to invest US$400 million in SAF production over the next two decades. IAG's dedicated sustainable fuels team is also leading efforts to influence domestic, regional and international policy to support uptake and production of these fuels.

2020 progress:

- IAG's SAF programme is on track and £0.5 million was invested in the Altalto waste-to-jet fuel plant in Immingham, England, a partnership between British Airways and fuels technology company Velocys;
- Planning permission was secured for the Altalto project. Subject to financing, construction of the plant could start in late 2022 and it is planned to be operational in 2025, producing over 32,000 tonnes of SAF per year. This will be the UK's first dedicated sustainable jet fuels plant;
- British Airways contributed to the formation of the SAF development company Lanzajet, has recently invested in the business, and has also committed to purchase 7,500 tonnes of SAF a year from Lanzajet's first alchohol-to-jet fuel plant in Georgia, USA from late 2022. In addition, the deal involves funding the early stage development of a larger SAF biorefinery in the UK; and
- IAG contributed to the World Economic Forum "Cleaner Skies for Tomorrow" initiative to develop scenarios on global SAF uptake.

IAG continues to work with technology developers to establish a range of SAF supply options for the future.

Carbon offsets and removals

Supports SDGs 7, 9, 13

IAG recognises the need for carbon offset and removal projects as a transitional means of meeting carbon reduction goals and to support customers in mitigating the impact of their flights.

IAG voluntarily funds emissions avoidance and removal projects around the world, offering passengers the chance to do the same, and explores the use of carbon capture, utilisation and storage (CCUS) technology in our operations and SAF production. Since 2013, operating airlines have been funding emissions reductions in other sectors to meet compliance obligations under the EU ETS, and since 2019 have been participating in the UN CORSIA scheme to enable carbon-neutral growth on eligible international flights.

When IAG or operating companies choose to voluntarily invest in carbon avoidance and removal projects, they work in collaboration with key partners, carry out due diligence to select reputable providers, and select projects carefully to meet and align with verified quality standards.

2020 progress:

- IAG supported the change of CORSIA baseline to 2019 from 2020, due to the impact of the COVID-19 pandemic;
- Aer Lingus launched its carbon offsetting programme for passengers. Projects include rainforest protection in Cambodia and Peru and sustainable cook stoves for communities in Sudan;
- The British Airways Carbon Fund, in partnership with not-for-profit charity Pure Leapfrog, worked to deliver 14 high-quality carbon reduction projects in the UK and Africa. One example was delivering solar lighting systems and portable solar lights to 40 rural health clinics in Zambia and Malawi; and
- Vueling sponsored the not-for-profit GreenNova and their CAPTACO$_2$ research project to capture CO_2 from the air.

Since January 2020 British Airways has offset the carbon emissions on all flights within the UK. Equivalent emissions reductions have been achieved through British Airways' voluntary investment in a range of quality, Gold Standard- and Verified Carbon Standard (VCS)-verified carbon reduction projects. These projects include rainforest protection in the Congo Basin, energy-efficient cookstoves in Peru, renewable wind energy in Turkey and solar energy projects in India.

B.4. Waste

GRI 306-1 (2020), 306-2 (2020), 306-3 (2020)

Supports SDG 12

IAG has made great progress with waste tracking and waste initiatives over the past few years. For example, Iberia waste per passenger dropped 12 per cent from 2016 to 2019. Initiatives across the Group include reducing and recycling plastic, glass, metal cans, paper and food waste.

The COVID-19 pandemic has set back progress by making it harder to calculate a waste baseline, pausing or delaying some waste initiatives, and driving temporary re-introductions of plastic items for health and safety reasons. For example, progress on the 2020 British Airways target to remove 700 tonnes of onboard single-use plastic (SUP) was unable to be tracked as result of changes to flying volumes, onboard catering and internal resources.

However, in 2021 IAG plans to set new Group-wide waste reduction targets, update the Group Sustainability policy to place greater emphasis on waste, and comply with the EU SUP ban when it enters into force in July.

Onboard services are IAG's main source of waste. Key inputs include onboard meals and newspapers supplied to passengers, and key outputs include plastic packaging, leftover food waste, drinks cans, and cabin items such as wrappers. Waste is typically offloaded and processed at airports by third-party caterers, with some materials recovered on-site and other materials incinerated or sent to landfill. The majority of cabin and catering waste is processed at IAG's hub airports – London Heathrow, Dublin, Madrid and Barcelona.

Where possible, IAG acts to reduce food waste while maintaining customer choice. For example, British Airways runs a pre-flight top-up catering service for London flights, to meet late changes to onboard catering requirements whilst minimising over-catering which would increase food waste.

2020 progress:

- Integrated waste roadmaps into operating company forecasting and financial plans;
- A British Airways representative sits on the IATA global working group on reducing SUP and lobbying for effective global policies to support this;
- Iberia ran trials with environmental innovator Countalytics on using data analytics to help reduce food waste; and
- Vueling replaced napkins, plastic cups, coffee stirrers and cutlery for passengers with recycled or sustainable alternatives and launched the KEEP CLEAN project to engage staff in waste reduction initiatives.

Metric	Unit	vly	**2020**	2019
Total onboard waste at hub airports	millon tonnes	-56%	**8.2**	18.6
Shorthaul waste per passenger	kg/pax	+63%	**0.13**	0.08
Longhaul waste per passenger	kg/pax	+69%	**1.96**	1.16
Overall waste per passenger	kg/pax	+58%	**0.41**	0.26

Metric	Description	Commentary
Waste/pax	Onboard catering waste generated per passenger, net of recycling, and split between shorthaul and longhaul operations. Total includes cabin waste from Vueling as a split was unavailable. Passenger numbers are based on inbound passengers who have their waste processed at hub airports e.g. London Heathrow, London Gatwick, Madrid, Barcelona and Dublin. Shorthaul and longhaul flights are defined by distance and by onboard product.	Onboard waste at hub airports dropped 56 per cent. Onboard waste per passenger increased. Decreases, driven by reductions in onboard services and greater rates of recycling at hub airports, were offset by higher rates of cancelled bookings and greater use of disposable products for health and safety reasons.

B.5. Noise and air quality

GRI 305-7. Supports SDGs 3, 11

IAG is committed to reducing aircraft noise and air pollution, to minimise our impact on local communities near airports. The average noise per landing and take-off cycle (LTO) dropped by 10 per cent between 2015 and 2019.

Operating companies regularly monitor noise and air quality performance using national databases and global aircraft noise standards. They drive improvements through fleet modernisation and specific operational practices like continuous descents. They also engage with stakeholders such as community groups, regulators and industry partners and participate in research and operational trials.

2020 progress:

- Vueling grew its fleet of Airbus A320neos, which produce half the noise of Airbus A320ceos;
- Aer Lingus received an Airbus A321neoLR, which produces half the noise of Airbus A321ceos;
- Iberia participated in the AVIATOR project, funded by the EU Horizon 2020 programme, to develop sensors to monitor air pollution at airports; and
- IAG set a new Group target of a 10 per cent reduction in noise per LTO between 2020 and 2025.

Metric	Unit	vly	**2020**	2019	2018	2017	2016
Noise per cycle	QC per LTO	-3.5%	**0.96**	1.00	1.07	1.06	1.08
NO_x per cycle	kg per LTO	+6.6%	**9.84**	9.23	9.71	*nr*	*nr*

Note: “nr” means “not reported previously”’

Metric	Description	Commentary
Noise per LTO cycle	Average noise per flight considering arrival and departure noise for each aircraft type. Based on the number of flights of all aircraft which operated during the year, including leased aircraft. Quota Count (QC) values from the UK Government are used to create a relative categorisation based on certified noise levels. For example, for a single flight, a Boeing 747 would have a score of 6.0 while an Airbus A320 would have a score of 1.0.	The 2020 improvement is driven by the accelerated retirement of older aircraft such as the Airbus A340s and Boeing 747s.
NO_x per LTO cycle	Average emissions of the air pollutant nitrogen oxide (NO_x) as aircraft take off and land. The calculation considers the engine certifications and aircraft types of all aircraft which operated during the year, including leased aircraft, referencing information from the ICAO emissions database.	Year-on-year trends can fluctuate due to multiple factors. The 2020 increase is driven by a relative increase in longhaul versus shorthaul flying at British Airways, and use of A330s in the Aer Lingus fleet.

Over 98 per cent of the IAG fleet has met the ICAO Chapter 4 and ICAO CAEP 4 standards for several years so these are not disclosed in 2020. IAG typically reports on continuous descent (CDO) compliance but was unable to in 2020 due to limited data availability from the National Air Traffic Services (NATS).

2020 metric	Unit[1]	vly	**2020**	2019	2018	2017	2016
ICAO Chapter 14[2]	% at standard	+5pts	**58%**	53%	50%	46%	46%
CAEP Chapter 6[3]	% at standard	+2pts	**80%**	78%	74%	69%	68%
CAEP Chapter 8	% at standard	+5pts	**40%**	35%	29%	26%	25%

1 Based on the fleet position at the end of 2020, including parked aircraft and excluding leased aircraft

2 ICAO Chapter standards compare aircraft noise against standardised limits that are a combination of lateral, approach, and flyover noise levels. Higher standards are more stringent. Chapter 14 applies to new aircraft certified from January 1, 2017.

3 ICAO CAEP standards are for NOx emissions from aircraft engines. Higher standards are more stringent. The CAEP 6 NO_x standard applies to engines manufactured from January 1, 2008, and the CAEP 8 standard applies to engines manufactured from January 1, 2014.

B.6. Innovation, research and development

IAG leads the aviation industry in engaging with global sustainability innovators. As part of Hangar 51, IAG's core innovation platform, the Group continues to attract the world's top emerging technology companies working on sustainability solutions.

Types of engagement include supporting applications for grant funding, running accelerator programmes, incubation, investment opportunities, university collaborations, active pilots, and research and development consortiums. IAG representatives also sit on academic boards and public-private partnerships to support new technologies and innovation.

Since 2019, sustainability has been one of the eight core challenge areas within the Hangar 51 structured ten-week accelerator programme. The Group has increased its engagement with global tech communities focused on sustainability and has seen a six-fold increase in the number of active projects in this area.

2020 progress:

- Hangar 51 held its first virtual programme and attracted applications from top innovators around the world;
- Eight operating companies explored groundbreaking environmental pilots which include commercialisation of hydrogen powertrains with ZeroAvia, carbon-to-jet fuel technology, food waste reduction using artificial intelligence (AI) and machine vision, and managing sustainability within the IAG supply chain;
- IAG partnered with other energy and travel companies to invest in i6 Group, a leading fuel management software company; and
- Iberia, together with the Politécnica de Madrid University (UPM), has created La Cátedra Iberia with the goal of finding ways to decarbonise the air transport industry.

In 2021 the Group will continue to engage with a range of emerging green technology disruptors. More details are available on the dedicated Hangar 51 website.

C. People and Prosperity

C.1. Workforce overview

GRI 403-4, 408-1, 409-1
Supports SDG 12

IAG aims to create an environment in which employees feel motivated, safe and able to thrive as this is central to the continued success of the Group. Core principles in the Code of Conduct include fair and equal treatment, non-discrimination, fairness and respect for human rights. This Code applies to all Directors, managers and employees of the Group and e-learning training to support it is mandatory and applicable to all employees and Directors. Individual operating companies have responsibility for policies and procedures relating to their employees, including appropriate reward frameworks to ensure they can continue to attract and retain the best talent for every role.

At the end of 2020, 57,928 people were employed across the Group in 82 countries, a decrease of 20 per cent in the year. Our voluntary turnover rate for 2020 was 15 per cent compared with 7 per cent in 2019, a change that reflects the unfortunate but necessary resizing of the business.

In response to the COVID-19 pandemic, British Airways has worked closely with its trades unions to reach agreements to save jobs and reduce costs. In some areas this has reduced the need for redundancies by a significant number or even altogether. This has been coupled with voluntary measures such as unpaid leave and part-time working to reduce the size of the workforce as the demand for flying remained significantly reduced. Where redundancies have been necessary, a large proportion of these have been achieved through voluntary measures.

For those employees who were made redundant, support has been offered to help them find alternative employment and explore redeployment opportunities. In British Airways, for instance, retention pools have been created to support redundant employees back into the workplace, should the situation improve.

Measures to support employee satisfaction and talent management are primarily managed within operating companies. Each operating company has its own established methods of measuring employee satisfaction. IAG is currently working to align the talent management framework across the Group, focusing at Group level on the IAG Management Committee and their direct reports. IAG has a good track record of retaining and promoting talent into senior roles, as evidenced by the Management Committee appointments during 2020.

IAG has employees based in European countries which comply with the conventions of the International Labour Organization (ILO), covering subjects that are considered as fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. Outside of the EU, IAG recognises trade unions in many jurisdictions, has collective agreements and meets/exceeds all relevant labour standards.

IAG has a European Works Council (EWC) which brings together employee representatives from the different European Economic Area (EEA) Member States in which the Group operates. EWC representatives are informed about and, where appropriate, consulted on transnational matters which may impact employees in two or more EEA Member States. During 2020, IAG hosted one full meeting of the EWC (compared with two in 2019) and eight Select Committee meetings, which have all been held virtually since March.

Within the Group, individual operating companies have responsibility for the policies and procedures relating to their employees, including reward frameworks to ensure they can continue to attract and retain the best talent for every role.

Due to the diverse nature of Group businesses, both in terms of jurisdictions and operations, all training policies and programmes are implemented at operating company level. Each is responsible for determining the specific courses offered within their organisation, the frequency with which training courses must be completed, and the employees required to attend. However, across the Group, all operating companies are required to run the following mandatory corporate training courses for their employees:

- Code of Conduct
- Compliance with Competition Laws
- Anti-bribery and Corruption Compliance
- Data Privacy, Security and Protection.

C.2. Health, safety and wellbeing

Supports SDG 3

IAG is committed to the health and safety of our employees, customers and all others affected by our activities. This means operating in a healthy, safe and secure way in compliance with all applicable laws, regulations, company policies and industry standards. Health and safety are fundamental to our business, whether in the air or on the ground. It is our highest priority.

IAG has robust governance processes in place led by the safety committees in each operating company. The IAG Board Safety Committee, chaired by the Group Chief Executive Officer, monitors all matters relating to the operational safety of IAG's airlines as well as to the systems and resources dedicated to safety activities across the Group.

IAG's customers travel on aircraft and through buildings and environments that are subject to regulations applicable to health and safety in each country. Procedures, systems and technology used in our operations are designed to protect employees and customers alike.

As IAG continued to deal with the COVID-19 pandemic, the Group has followed expert guidance from bodies such as the IATA Council Aviation Recovery Taskforce (CART), the WHO, Public Health England and Spanish and Irish authorities. New hygiene measures have been introduced for all employees and customers. All these measures have been carefully thought through alongside the latest advice from public health authorities and aviation regulators.

To support employee wellbeing across the Group, each operating company created new websites and internal resources to support mental health and COVID-19 safety. For example, British Airways built on existing resources throughout 2020 and issued daily press updates which included wellbeing signposts, such as information about its Employee Assistance Programme and the UNMIND mental health digital application. The latter includes webinars, interviews and other resources and access was extended to family members of employees in the second half of 2020.

C.3. Inclusion and diversity

GRI 406-1

Supports SDG 5

IAG has a Group-wide Equal Opportunities policy to address and eliminate discrimination and promote equality of opportunity regardless of age, gender, disability, ethnicity, religion or sexual orientation. At Group level, IAG also has a Directors Selection and Diversity Policy that sets out the principles that govern the selection process and the approach to diversity on the Board of Directors and the IAG Management Committee. These policies have been approved by the Board of Directors.

In terms of gender diversity and equality, IAG has set a target to reach 33 per cent women across senior executive levels by 2025 and has put in place an extensive programme of action to help deliver on this target. IAG monitors and reports on progress, including on the management pipeline across the Group.

Iberia and Vueling have Equality Plans covering all employees in Spain. Vueling implemented this in 2014 and Iberia published an integrated plan in 2018 covering pilots, cabin crew and ground staff agreements. Both plans will be revised in 2021 to align with new legislation.

2020 progress on gender diversity:

- 45 per cent women on the IAG Board, up from 33 per cent in 2019[1];
- 30 per cent women in senior executive levels (15 per cent on the Management Committee), maintaining the proportion reached in 2019;
- British Airways held a 'Power of Mentoring' event, with participation of other Group operating companies, to inspire and equip employees interested in mentoring with tools and guidance;
- Aer Lingus achieved the "Investors in Diversity" Bronze accreditation; and
- Iberia was awarded by Ellas Vuelan Alto (EVA) association for corporate commitment to promote gender equality and diversity.

The Iberia "Quiero Ser" programme, to attract and promote female careers in the aviation industry, was postponed in 2020 due to the pandemic and plans to restart in 2021.

Ethnic diversity is an issue of particular importance for British Airways. 18 per cent of British Airways UK staff have declared a Black, Asian or Minority Ethnic (BAME) background, up from 16 per cent in 2019, and compared with 14 per cent of the UK population. UK employees represent 50 per cent of the Group total.

British Airways aims to improve BAME representation in senior roles and 2020 achievements were:

- Continuing its reverse mentoring and cross-company mentoring trial, in collaboration with Business in the Community and an internal BAME network group; and
- Dialogue with BAME colleagues following the Black Lives Matter campaign, with feedback being shared with the management team and used to help create a race action plan.

1 This reflects the changes in Board composition made on December 31, 2020 in response to the outcome of Brexit as well as to meet the new Spanish Corporate Governance Code recommendation of at least 40 per cent female Director representation on the Board by 2023.

C.4. Human rights and modern slavery

Supports SDGs 3, 4, 5

IAG had no known cases of human rights violations across the Group during 2020. IAG GBS screens suppliers to identify and mitigate potential incidences of human rights violations, and modern slavery clauses feature in all new supplier contracts as well as contract renewals.

IAG is taking steps to prevent incidences of modern slavery within the Group and across its supply chains. In terms of policies associated with human rights, IAG asks suppliers to adhere to the third IAG Group Slavery and Human Trafficking Statement, which was published in 2019. This statement is made under section 54, part 5 of the 2015 UK Modern Slavery Act (MSA). IAG also supports the 2018 IATA resolution denouncing human trafficking and reaffirming a commitment to tackle this issue.

Human trafficking is of particular concern to IAG and to the wider aviation industry, as the Group transports millions of passengers every year and has tens of thousands of suppliers across the world. To prevent human trafficking, operating airlines work closely with governments and the airports in which they operate to ensure that any suspected trafficking on our flights is identified, reported and dealt with appropriately.

Operating airlines train staff to recognise the signs of potential human trafficking situations, and provide procedures for reporting where any cases are suspected. This training is managed at airline level.

British Airways, Aer Lingus and Vueling run training for pilots and cabin crew on identifying and responding to human trafficking, and Iberia will refresh such training in 2021. Guidance and procedures for flight crew and cabin crew are also included in the Aer Lingus and Vueling Operations Manuals. In 2020, Vueling supported the Spanish police in locating and arresting members of an organisation which trafficked women.

Key risks associated with human rights matters are included in the 'Sustainability risks and opportunities' section. In 2021, IAG plans to review the assessment of human rights risks within the business.

C.5. Community engagement and charitable support

Supports SDG 11, GRI 201-1, 102-13

IAG operating companies have long-standing partnerships to support community causes both locally and around the world.

In 2020, €4.6 million was raised across the Group[1], a 19 per cent decrease from the €5.7 million raised in 2019 and an impressive contribution given reduced business activity. Sources were:

- 40.1% from customer contributions;
- 35.5% from company donations;
- 19.5% from employee contributions; and
- 4.8% from in-kind donations.

Key partnerships:

- Since 2019, British Airways has had a partnership with the British Red Cross focusing on support for UK community preparedness and crisis response work;
- Since 2016, Vueling has been working with Save the Children and is the second-largest sponsor of this NGO in Spain;
- Since 2013, Iberia has been contributing to the UNICEF children's vaccination programme. This programme has paid for the vaccinations for more than a million children in Chad, Angola and Cuba;
- Since 2011, Aer Lingus staff have an annual "Make a Difference" day for staff volunteering. While this did not go ahead in 2020, Aer Lingus was a significant contributor to the COVID-19 global response via flights of medical equipment between Europe and China; and
- Since 2010, British Airways has been working with the "Flying Start" global charity programme, in partnership with Comic Relief. This programme has helped over 824,000 people in some of the world's poorest communities.

1 British Airways total based on January-November. The Group 2019 value has been restated due to the expansion of the scope of reported contributions.

C.6 Workforce measures

GRI 102-7, 102-8, 401-1, 405-1

Metric	Unit	Sub-category	vly	**2020**	2019	2018	2017	2016
Employment	Average manpower equivalent[1]		-8.2%	**60,612**	66,034	64,734	63,422	63,387
Headcount	Number of people[2]		-19.8%	**57,928**	72,268	71,134	*nr*	*nr*
Composition	% headcount by employment type	Full-time:	+5pts	**79%**	74%	75%	*nr*	*nr*
		Part-time:	-5pts	**21%**	26%	25%		
Composition	% headcount by employment contract	Permanent:	+3pts	**97%**	94%	94%	*nr*	*nr*
		Temporary:	-3pts	**3%**	6%	6%		
Composition	% headcount by employee categories	Cabin Crew:	-4pts	**31%**	35%	35%	*nr*	*nr*
		Pilots:	+2pts	**13%**	11%	11%		
		Airport:	-1pts	**25%**	26%	26%		
		Corporate:	+3pts	**20%**	17%	18%		
		Maintenance:	0pts	**11%**	11%	10%		
Employees by country	Number of people	UK:	-4pts	**50%**	54%	*nr*	*nr*	*nr*
		Spain:	+3pts	**34%**	31%			
		Ireland:	+1pts	**8%**	7%			
		India:	0pts	**2%**	2%			
		USA:	0pts	**1%**	1%			
		Other:	0pts	**5%**	5%			

Note: “nr” means “not reported previously”.

1 The mean of the manpower equivalent captured quarterly to reflect seasonality. This is not adjusted for time not worked whilst under COVID-19 job retention schemes and it reflects normal contractual hours.
2 Actual number of people employed across the Group at December 31, 2020.

C.6 Workforce measures

GRI 102-7, 102-8, 401-1, 405-1

Metric	Unit	Sub-category	vly	2020	2019	2018	2017	2016
Gender diversity	% women at Board level		+12pts	**45%**	33%	33%	25%	25%
Gender diversity	% women at senior executive level		0pts	**30%**	30%	27%	24%	23%
Gender diversity	% women at Group level		-1pts	**43%**	44%	45%	44%	44%
Age diversity	% of managerial staff in each age band	<30	-1pts	**3%**	4%	7%	6%	
		30-50	+2pts	**57%**	55%	57%	65%	*nr*
		50+	-1pts	**40%**	41%	36%	29%	
Age diversity	% of non-managerial staff in each age band	<30	-3pts	**18%**	21%	22%	17%	
		30-50	+4pts	**54%**	50%	50%	51%	*nr*
		50+	-1pts	**28%**	29%	28%	32%	
Workforce turnover	% voluntary and non-voluntary	Voluntary	+9pts	**16%**	7%	8%	8%	*nr*
		Non-voluntary	+3pts	**5%**	2%	3%	2%	
Workforce turnover	Overall % by age group	<30	-21pts	**16%**	37%	35%		
		30-50	-3pts	**33%**	36%	34%	*nr*	*nr*
		50+	+24pts	**51%**	27%	31%		
Workforce turnover	Overall % by gender	Women	+5pts	**52%**	47%	51%	*nr*	*nr*
		Men	-5pts	**48%**	53%	49%		

Additional workforce metrics

GRI 102-41, 403-9, 404-1

Metric	Unit	vly	2020	2019	2018	2017	2016
Social dialogue and trade unions	% covered by collective bargaining agreements	+2pts	**89%**	87%	86%	88%	88%
Average hours of training	Average hours per employee per year	-45.4%	**26.4**	48.4	41.1	45.8	34.9
Lost Time Injury (LTI) frequency rate	LTI per 200,000 hours worked	-44.5%	**2.41**	4.34[1]	4.20[1]	*nr*	*nr*
LTI severity rate	Average days lost per LTI	+67.0%	**37.80**	22.64	21.12	*nr*	*nr*
Fatalities		0pts	**0**	0	1	*nr*	*nr*

Note: “nr” means “not reported previously”. In the table above this can refer to multiple years.
1 The 2018 and 2019 LTI frequency rates have been restated due to change in standardising factor to better align to GRI standards.

Description and commentary for key workforce metrics

Metric	Unit	Description	Commentary
Employment	Average manpower equivalent	Manpower equivalent is the number of employees adjusted to include part-time workers, overtime and contractors. The average is the mean of the manpower equivalent captured quarterly to reflect seasonality.	The 8.2% decrease reflects the employee restructuring at British Airways and Aer Lingus. This measure accounts for employees' contractual schedule of work and therefore does not account for the impact of COVID-19 job retention scheme.
Headcount	Number of people	Headcount is the actual number of people employed across the Group (employees) at December 31, 2020.	Overall headcount decreased over the year by 19.8%. This reflects the employee restructuring at British Airways and Aer Lingus.
Composition	% headcount by employment type, contract and employee categories	Composition is a breakdown of headcount as at December 31, 2020. Definitions of full-time and part-time vary across the Group. A temporary employment contract has a defined end date. The employee category breakdown portrays the distribution of the major groups within IAG's workforce "in the air" – Pilots and Cabin Crew – and "on the ground" – Airport, Corporate and Maintenance.	A higher proportion of temporary employee leavers in 2020 increased the ratio of permanent employees to 97%. The employee category, where business restructuring had the highest impact, was cabin crew which explains the decrease in its proportion of all Group employee categories. Airport employees, the second most-reduced category, combined with cabin crew represents over 80 per cent of all part-time employees which explains the increase of the proportion of full-time Group employees.
Employees by country	Number of people	This metric depicts the distribution of the Group's employees according to the country in which they are based.	The decrease in the proportion of Group employees based in the UK is due to the redundancies at British Airways. At the end of 2020 IAG had employees based in 82 countries.
Gender diversity	% women at Board, senior executive, and Group level	The share of women as a proportion of all staff at specific levels of seniority across the Group. IAG has published objectives for 33% women on the Board by 2020 and 33% women across the Group's senior executive levels by 2025.	There were 193 senior executives as at December 31, 2020. IAG maintained the proportion of women in senior executive levels – 30% by the end of 2020. IAG achieved its 2020 Board target in 2018 and has increased the proportion of women on the Board to 45%. A decrease in the proportion of women across the whole Group is explained by 48% of total turnover made up of cabin crew, which was composed of 71% women in 2019.
Age diversity	% of staff in each age band	The 'on the ground' managerial population includes all airport, corporate and maintenance roles equivalent to a manager across the Group. The 'in the air' managerial population includes all pilot and cabin crew roles equivalent to Captains and Cabin Service Managers.	The decrease in the proportion of employees over 50 years of age is explained by the higher uptake (over 50%) of voluntary redundancy measures in this age band. The decrease in the proportion of employees under 30 years of age is explained by the end of temporary contracts.
Workforce turnover	% voluntary and non-voluntary turnover	Measured as the number of leavers as a percentage of the average number of Group employees in the year. The number of leavers excludes temporary contracts and death in service. Voluntary turnover occurs when employees choose to leave (e.g. resignation, retirement, voluntary redundancy) and non-voluntary turnover occurs when employees leave for reasons other than a personal decision (e.g. compulsory redundancy, dismissal). The table on the previous page shows the overall breakdown of turnover by age and gender.	The overall annual turnover in 2020 was 21% – a total of 13,654 employees, of which 3,456 were non-voluntary leavers. This compares to 9% in 2019, a total of 6,206 of which 1,372 were non-voluntary leavers. The increase in turnover was due to the unfortunate but necessary resizing of the business due to COVID-19. A recruitment freeze across the Group in 2020 also impacted turnover. Over 88% of total Group turnover was at British Airways, the largest employer within the Group, mostly through voluntary measures.

Managing risk in an extremely challenging and uncertain environment

The Board of Directors has overall responsibility for ensuring that IAG has an appropriate risk management framework, including the determination of the nature and extent of risk it is willing to take to achieve its strategic objectives. The Board has oversight of the Group's operations to ensure that internal controls are in place and operate effectively. Management is responsible for the effective operation of the internal controls and execution of the agreed risk mitigation plans.

The Group has an Enterprise Risk Management (ERM) policy which has been approved by the Board. This policy sets the framework for a comprehensive risk management process and methodology, ensuring a robust identification and assessment of the risks facing the Group, including emerging risks. Enterprise risks are assessed and plotted on an Enterprise risk map (with individual risk maps produced for each operating company and relevant function, such as IAG Tech and IAG Group Business Services, and for the overall Group). This process is led by the Management Committee and best practices are shared across the Group.

This year, in response to the pandemic crisis, the risk management framework has further evolved to: develop the Group's assessment of the interdependencies of risks; built on scenario planning to quantify risk impact under different assumptions; and consider the risks within the Group's risk map that have increased either as a result of the external environment or as a result of decisions made by the business in response to the external environment. The process adopted this year has helped the Board and management to respond quickly to the new and rapidly changing risk landscape, enabling clear understanding and identification of emerging risks arising from the impact of the pandemic and of how the pandemic has affected existing risks included within the Group's existing risk maps.

Approach and process

Across the Group, risk owners are responsible for identifying potential risks and appropriately managing the related business decisions within their area of responsibility. As the Group transforms, the level of change and agility required creates risks and opportunities. For these business transformational risks, business owners are assigned, and the business will agree appropriate mitigations and timelines for implementation, following discussions with all relevant stakeholders. All risks are assessed for likelihood and impact against the Group's three-year Business Plan and strategy. Key controls and mitigations are documented including appropriate response plans. Where risk treatments require time to implement, short-term mitigations are assessed and the timeline to risk mitigation and consequent risk acceptance discussed and agreed. Every principal risk has clear Management Committee oversight.

As part of the risk management framework, potential emerging risks and longer-term threats are considered to identify new trends, competitor actions, regulations, governments' interventions, or business disruptors that could impact the Group's business strategy and plans. These emerging risks are monitored within the overall risk framework as 'on watch' until they are re-assessed to be no longer a potential threat to the business or where an assessment of the risk impact over the next two to three years can be made, and appropriate mitigations can be put in place. Following the pandemic impact, consideration of other high-impact, low likelihood risks have been discussed.

IAG considers risks to the Strategic Business Plan over the short term up to two years, medium term from three to five years and in the longer term beyond five years. Risk outcomes are quantified as the potential cash impact to the business plan over two years, as well as potential brand reputation, regulatory scrutiny and share price considerations.

The risk management framework is embedded across the Group. Risk maps are discussed, and risk potential impacts assessed for each operating company and Group functions that support the business, such as IAG Tech and IAG GBS, and at the Group level, and the enterprise risk function ensures consistency over the risk management process.

Risk maps are reviewed by each operating company's management committee, which considers the accuracy and completeness of the map, significant movements in risk and any changes required to the response plans addressing those risks. Where the Group's operating companies have a reliance on other parts of the Group for services delivery, risks are reflected appropriately across risk maps to ensure accountability is clear. Each operating company's management committee confirms to its operating company board as to the identification, quantification and management of risks within its operating company as a whole at least annually.

The management committee of each operating company escalates risks that have a Group impact or require Group consideration in line with the Group ERM framework.

At the Group level, key risks from the operating companies, together with Group-wide risks, are maintained in a Group risk map. The IAG Management Committee reviews risk during the year including the Group risk map semi-annually in advance of reviews by the Audit and Compliance Committee in accordance with the 2018 UK Corporate Governance Code and the Spanish Good Governance Code for Listed Companies.

The IAG Board of Directors discusses risk and considers the risk environment as part of wider Board discussions at every meeting in addition to the bi-annual risk map review, including a review of the assessment of IAG's performance against its risk appetite, scenarios for assessment of viability and the outputs from the viability modelling. The Board has ongoing early sight of management consideration of potential scenarios to enable it to challenge subjectivities and confirm rationale.

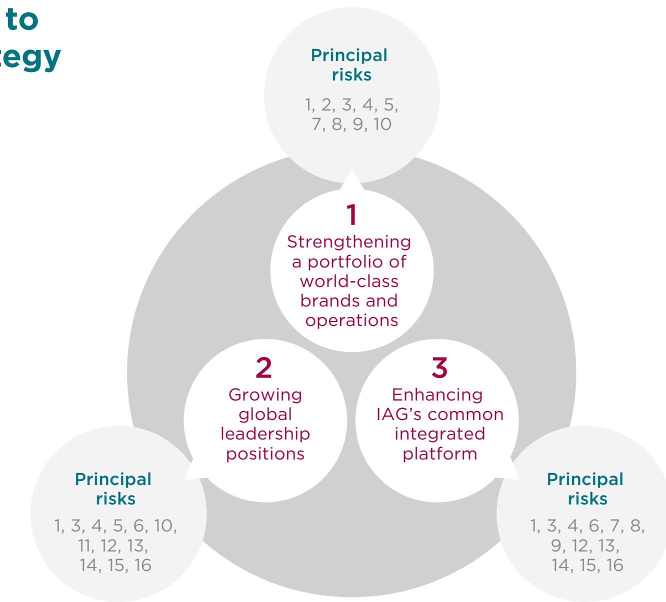
IAG has a risk appetite framework which includes statements informing the business, either qualitatively or quantitatively, of the Board's appetite for certain risks. Each risk appetite statement formalises how performance is monitored either on a Group-wide basis or within major projects. The framework remained in place throughout the year, with the Board assessing its appetite to tolerance of certain risks through additional reviews with management. The highly regulated and commercially competitive environment, together with the businesses' operational complexity, exposes the Group to a number of risks. 2020 has heightened IAG's exposure to certain of these risks as a result of the COVID-19 pandemic's unprecedented impact on the travel and aviation industry. Management remains focused on mitigating these risks at all levels in the business although many remain outside our control; for example, changes in political and economic environment, government restrictions over travel and movement of their citizens, governance requirements and regulations, external events causing operational disruption including civil unrest, adverse weather or pandemic, volatility in the markets and availability of funding and changes in the competitive landscape.

Risks are grouped into four categories: strategic, business and operational, financial including tax and treasury, compliance and regulatory risks.

Guidance is provided below on the key risks that may threaten the Group's business model, future performance, solvency and liquidity.

Where there are particular circumstances that mean that the risk is more likely to materialise, those circumstances are described below. No new principal risks were identified through the risk management discussions across the Group's businesses this year. Where the existing principal risks have been reconsidered to reflect the challenges faced by the Group following the COVID-19 pandemic impact, these are highlighted by the 'C19' symbol in the table below. Additional key business responses implemented by management are also set out.

Link to strategy



See our Business model and Strategic priorities sections

See our Sustainability section

Key: Risk trend

Increase | Stable | Decrease | C19 Affected by COVID-19

The list is not intended to be exhaustive but does reflect those risks that the Board and Management Committee believe to be the most likely risks to have a material impact on the Group.

Strategic

Open competition and markets are in the long-term best interests of the airline industry and consumers. The Group seeks to mitigate the risk from government intervention or changes to the regulations that can have a significant impact on operations.

1. Airports, infrastructure and critical third parties

Increase | C19 | 1 2 3

Status The pandemic resulted in restrictions being imposed, which have required capacity adjustments, including fleet adjustments and new operating procedures to recommence flying. The operations of the Group's suppliers, including aircraft manufacturers, have also been impacted by the pandemic, which has increased the risk of significant business interruption, delays or disruptions, such as a temporary suspension of operations, a lack of availability of labour to support supplier operations and/or longer-term problems in maintaining supply, whether as a result of suppliers entering insolvency or otherwise. This may lead to shortages of business-critical services and/or increased costs to secure such services.

The Group continues to lobby and raise awareness of the negative impacts of ATC airspace restrictions and performance issues on the aviation sector and economies across Europe, particularly through a future recovery period.

The Group relies on the provision of airport infrastructure and is dependent on the timely delivery of appropriate facilities. A third runway expansion proposal at London Heathrow and additional facilities at Dublin Airport are among examples where the Group supports solutions that are efficient, cost effective and of value to our customers.

Risk description	Strategic relevance	Mitigations
IAG is dependent on the timely entry of new aircraft and the engine performance of aircraft to improve operational efficiency and resilience and support the delivery of the Group sustainability programme. IAG is dependent on the timely, on-budget delivery of infrastructure changes, particularly at key airports. IAG is dependent on resilience within the operations of ATC services to ensure that its flight operations are delivered as scheduled. IAG is dependent on the performance and costs of critical third-party suppliers that provide services to our customers and the Group such as airport operators, border control and caterers. The impact of the pandemic on the Group's supply chain will also impact the Group where suppliers face ongoing financial stress or restructuring where they exit the market for supply of services.	Any sub-optimal service delivery or asset supplied by a critical supplier can impact on the Group airlines' operational and financial performance as well as disrupting our customers. Infrastructure decisions or changes in policy by governments, regulators or other entities could impact operations but are outside of the Group's control. London Heathrow has no spare runway capacity. An uncontrolled increase in the planned cost of expansion could result in increased landing charges. Airport charges represent a significant operating cost to the airlines and have an impact on operations.	• The Group mitigates engine and fleet performance risks, including unacceptable levels of carbon emissions to the extent possible by working closely with the engine and fleet manufacturers, as well as retaining flexibility with existing aircraft return requirements. • The Group engages in regulatory reviews of supplier pricing, such as the UK Civil Aviation Authority's periodic review of charges at London Heathrow and London Gatwick airports. • The Group is active at an EU policy level and in consultations with airports covered by the EU Airport Changes Directive. • The Group pro-actively works with suppliers to ensure operations are maintained and the impact to their businesses understood, with mitigations implemented where necessary. • The Group procurement function has led an ongoing review of all critical contracts across the Group's businesses.

Strategic continued

2. Brand reputation

C19

1

Status The Group's ability to attract and secure bookings, and therefore revenue depends on the public recognition of the Group's airlines' brands and their associated reputation. The Group's airlines brands are, and will continue to be, vulnerable to adverse market or customer perception. Reliability, including on-time performance, is a key element of the brands and of each customer's experience. IAG remains focused on strengthening its customer-centricity to ensure that its operating companies continue to adapt and focus their business models to meet changing customer expectations. The Group's airlines have implemented strict hygiene and social distancing measures to ensure customer and employee safety in line with EASA regulations. British Airways was awarded a Skytrax 4-star Airline Safety rating in November, the first airline to receive such a rating.

Risk description	Strategic relevance	Mitigations
Erosion of the brands, through either a single event or a series of events, may adversely impact the Group's leadership position with customers and ultimately affect future revenue and profitability. If the Group is unable to meet the expectations of its customers and does not engage effectively to maintain their emotional attachment, then the Group may face brand erosion and loss of market share.	The Group's brands are well positioned in their respective markets and have significant commercial value. Any change in engagement or travel preferences could impact the financial performance of the Group. IAG will continue to focus on its customer propositions to ensure competitiveness in its chosen priority customer demand spaces and to ensure that it adapts to meet changing customer expectations. The Group is clear on the key levers to improve brand perception and satisfaction for each of its operating company brands.	• All IAG airlines are considered within the brand portfolio review. • Brand initiatives for each operating company have been identified and are aligned to the Strategic Business Plan. • Product investment to enhance the customer experience supports the brand propositions and is provided for in the Strategic Business Plan. • All airlines track and report internally on their Net Promoter Score (NPS) to measure customer satisfaction. • IAG Customer Steering Group meets monthly and shares initiatives. • New hygiene protocols are being adopted across the Group's airlines to address regulatory requirements resulting from the pandemic. • Enhanced disruption management tools within airlines to allow customers to manage their travel preferences. • The Group's global loyalty strategy builds customer loyalty within IAG airlines. • The Group's focus on sustainability and sustainable aviation including the IAG Climate Change strategy to meet the target of net zero carbon emissions by 2050. • Robust portfolio process to determine the right investments across the Group.

3. Competition, consolidation and government regulation

C19

1 2 3

Status The scale of governmental support and aviation-specific state aid measures have varied by market and the potential consequential impact to the competitive landscape is under continuous assessment. Governmental restrictions, introduced to address the pandemic risk, have been fragmented and volatile and have required significant agility within our networks to manage the impact on our customers and business.
The Group announced plans in 2019 to acquire Air Europa, which is owned by Globalia, subject to regulatory approvals. In November 2020, the Group reached an amended agreement with Globalia, which is still subject to the satisfactory negotiation with Sociedad Estatal de Participaciones (SEPI) regarding the non-financial terms associated with the financial support provided by SEPI to Air Europa in 2020. The acquisition is still subject to approval by the European Commission.

The Group continues to monitor and discuss the negative impacts of government policies such as the imposition of Air Passenger Duty (APD).

Risk description	Strategic relevance	Mitigations
Competitor capacity growth in excess of demand growth could materially impact margins. Any failure of a joint business or a joint business partner could adversely impact the Group's airline business operations and financial performance. Some of the markets in which the Group operates remain regulated by governments, in some instances controlling capacity and/or restricting market entry. Changes in such restrictions may have a negative impact on margins. Governments' support schemes for the aviation sector create distortionary effects across the markets in which IAG's airlines operate.	The markets in which the Group operates are highly competitive. The Group faces direct competition on its routes, as well as from indirect flights, charter services and other modes of transport. Some competitors have other competitive advantages such as government support or benefits from insolvency protection. Regulation of the airline industry covers many of the Group's activities including route flying rights, airport landing rights, departure taxes, security and environmental controls. The Group's ability to comply with and influence changes to regulations is key to maintaining operational and financial performance.	• The IAG Management Committee meets weekly. Additional Management Committee meetings, to address strategic issues arising from the responses of regulators and governments to the pandemic, were convened throughout the year. • The Board of Directors discusses strategy throughout the year and dedicates two days per year to undertake a detailed review of the Group's strategic plans. Similar to the additional Management Committee meetings, additional Board meetings were convened throughout the year. • The Group strategy function supports the Management Committee by identifying where resources can be devoted to exploit profitable opportunities. • The airlines' revenue management departments and systems optimise market share and yield through pricing and inventory management activity. Additional processes and reviews have allowed daily and weekly route analysis as required to respond to the rapidly changing environment resulting from government actions. • The Group maintains rigorous cost control and targeted investment to remain competitive. The Group Procurement function has led an ongoing review of all critical contracts. • The Group has restructured its businesses and operations to meet the challenge of the current environment. • The portfolio of brands provides flexibility as capacity can be deployed at short notice as needed. • The IAG Management Committee regularly reviews the commercial performance of joint business agreements. • The Group's airlines review their relationships with business partners supported where appropriate by the Group strategy function. • The Group's government affairs department monitors government initiatives, represents the Group's interest and forecasts likely changes to laws and regulations.

4. Digital disruption

Status The Group has established an IAG Tech function which brings together the digital and IT departments from across the Group under the Group's Chief Information Officer (CIO). All of the Group's businesses have a Chief Digital and Information Officer (CDIO) who represents their business within IAG Tech. This has strengthened IAG Tech's focus on understanding business requirements, helping to transform the Group's businesses and deliver a digital customer experience, which together with the Group's exploitation of technology, reduces the impact digital disruptors can have.

Risk description	Strategic relevance	Mitigations
Technology disruptors may use tools to position themselves between our brands and our customers.	Competitors and new entrants to the travel market may use technology more effectively and disrupt the Group's business model.	• IAG Tech is responsible for digital and IT. • Operating companies' CDIOs are members of the IAG Tech management committee. • The Group's CIO and Chief Transformation Officer are members of the IAG Management Committee. • IAG Customer Steering Group. • The Group continues to develop platforms such as the New Distribution Capability, changing distribution arrangements and moving from indirect to direct channels. • IAG Tech continues to create early engagement and leverages new opportunities with start-ups and technology disruptors.

5. Sustainable aviation

Status IAG was the first airline group to commit to a target of net zero carbon emissions by 2050, including adding management targets in current incentive arrangements. Sustainable Aviation, **one**world and Airlines for Europe have also all now committed to net zero emissions by 2050. There is an emerging trend of introduction of aviation "eco taxes" globally. The Group has accelerated the retirement of its aged fleet of Boeing 747s and Airbus A340s during 2020, in response to the pandemic. The Group also maintained its plans and initiatives to meet climate change commitments.

IAG was an early adopter of the Task Force on Climate-related Financial Disclosures (TCFD) guidelines for climate-related scenario analysis and climate-specific risk assessments. During 2020 the Group has updated its assessment of climate-related risks, by testing and revising the assumptions on updated forecasts for future business growth and the regulatory context and future carbon price. The Group has also embedded forecasting of its climate impacts into its strategic, business and financial planning processes.

While 2020 was a year of unprecedented disruption and uncertainty due the pandemic, other key aspects of aviation policy continued to be developed in relation to sustainability. In July the European Commission published a roadmap for its legislative initiative aimed at implementing the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), alongside the EU Emissions Trading Scheme.

Risk description	Strategic relevance	Mitigations
Increasing global concern about climate change and the impact of carbon affects Group airlines' performance as customers seek alternative methods of transport or reduce their levels of travel. New taxes and increasing price of carbon impact on demand for air travel. Customers may choose to reduce the amount they fly.	IAG is committed to being the leading airline group in sustainability. This means that environmental considerations are integrated into the business strategy at every level and the Group uses its influence to drive progress across the industry.	• IAG climate change strategy to meet target of net zero carbon emissions by 2050. • British Airways offsets all UK domestic flight carbon emissions. • Fleet replacement plan will introduce aircraft into the fleet that are up to 40 per cent more carbon efficient. • IAG investment in sustainable aviation fuels of US$400 million, including British Airways' partnership with Velocys. • Management incentives aligned to IAG's targets. • Partnering with ZeroAvia to explore hydrogen-powered aircraft technology. • Participating in CORSIA, the ICAO global aviation carbon offsetting scheme.

Business and operational

The safety and security of customers and employees is a fundamental value to the Group.

6. Cyber attack and data security

C19 2 3

Status The risks from cyber threats has been heightened in the year as many of the Group's employees and suppliers' employees moved to working-from-home arrangements in line with governments' advice and restrictions, requiring analyses of security arrangements and authentications over access to corporate environments. More widely, the external environment saw an increase in the frequency of phishing attacks as cyber criminals attempted to take advantage of remote working practices.

The regulatory regimes associated with data and infrastructure security are also becoming more complex with different regulators applying different framework approaches and guidance for reporting. The Group airlines are subject to the requirements of privacy legislation such as GDPR and the National Information Security Directive (NISD).

In relation to the theft of customer data in 2018 the UK Information Commissioner's Office issued a final penalty notice to British Airways.

Despite significant reductions in the Group's capital expenditure, in response to the liquidity impact of the pandemic, investment in cyber security systems remained at levels originally planned.

Risk description	Strategic relevance	Mitigations
The Group could face financial loss, disruption or damage to brand reputation arising from an attack on the Group's systems by criminals, foreign governments or hacktivists. If the Group does not adequately protect customer and employee data, it could breach regulation and face penalties and loss of customer trust. Changes in working practices and environments for the Group's employees and third-party suppliers could result in new weaknesses in the cyber and data security control environment.	The cyber threat environment remains challenging for all organisations, including the airline industry. Cyber threat actors, criminals, foreign governments and hacktivists have the capacity and motivation to attack the airline industry for financial gain and other political or social reasons. The fast-moving nature of this risk means that the Group will always retain a level of vulnerability.	• The Group has a Board-approved cyber strategy that drives investment and operational planning. This is regularly reviewed by the IAG Audit and Compliance Committee, IAG Management Committee and the IAG Tech leadership. • There is oversight of critical systems and suppliers to ensure that the Group understands the data it holds, that it is secure, and regulations are adhered to. • A cyber risk management framework ensures the risk is reviewed across all operating companies. • The Group Cyber Governance board assesses the portfolio of cyber projects quarterly and each operating company reviews their own cyber projects on a quarterly basis. • The IAG Chief Information Security Office supports the Group businesses providing assurance and expertise around strategy, policy, training and security operations for the Group. • Threat Intelligence is used to analyse cyber risks to the Group. • Data Protection Officers are in place in all operating companies, coordinated through a Group wide Privacy Steering Group. • New working practices have been reviewed to ensure the integrity of the cyber and data security environment and controls with additional oversight measures being implemented as required. • All third-party suppliers have confirmed their adherence to IAG security requirements within any revised security protocols.

7. Event causing significant network disruption

1 C19 3

Status The outbreak of the pandemic in 2020 resulted in an unprecedented level of disruption to the aviation sector, as well as global economic impacts. Other potential high-impact, low-likelihood events have been considered that could have the potential to disrupt IAG and/or the aviation sector. Many of these events remain outside of the Group's control such as adverse weather, another pandemic, civil unrest or terrorist event seen in cities served by the Group's airlines.

Risk description	Strategic relevance	Mitigations
An event causing significant network disruption or the inability to promptly recover from short term disruptions may result in lost revenue, customer disruption and additional costs to the Group. The COVID-19 pandemic is likely to continue to have an adverse effect on the Group over the period of the Business Plan, as would any future pandemic outbreak or other material event that results in the imposition of governments' restrictions on travel and the movement of its populations.	The Group's airlines may be disrupted by a number of different events. A single prolonged event, or a series of events in close succession, impact on the Group's airlines' operational capability and brand strength. The Group needs to adhere to local governments' restrictions and regulations especially related to safety and public health and is therefore sensitive to any consequential impact to demand.	• Management has business continuity plans to mitigate this risk to the extent feasible with focus on operational and financial resilience and customer and colleague safety and recovery. • Resilience to minimise the impact of ATC airspace restrictions and strike action on the Group's customers and operations are in place.

8. IT systems and IT infrastructure

↑ C19 1 3

Status The Group recognises the importance of technology across the business and has brought all of its digital and IT resources together into IAG Tech, reporting to the Chief Information Officer, a member of the IAG Management Committee. The IAG Tech management committee has established a new governance structure that is mirrored across into the Group's businesses to ensure that IT investment and operating company requirements are appropriately prioritised and delivered. There is an increased focus on service delivery and services management as the Group addresses its legacy environment. Plans and investment to upgrade or transform away from obsolete systems or architecture have been subject to ongoing review in the light of the pandemic.

Risk description	Strategic relevance	Mitigations
The dependency on IT systems for key business and customer processes is increasing and the failure of a critical system may cause significant disruption to the operation and lost revenue. The level of transformational change at pace required by the Group's airlines may result in disruption to operations as the legacy environment is addressed. Obsolescence within the IAG Tech estate could result in service outages and/or operational disruption or delays in implementation of the Group's transformation, particularly if the Group needs to defer investment to preserve cash.	IAG is dependent on IT systems for most key business processes. Increasingly, the integration within IAG's supply chain means that the Group is also dependent on the performance of suppliers' IT infrastructure e.g. airport baggage operators.	• IAG Tech works with the Group operating companies to deliver digital and IT change initiatives to enhance security and stability. • Operating companies' IT Boards are in place to review delivery timelines. • IAG Tech leadership and professional development framework. • Reversion plans are developed for migrations on critical IT infrastructure. • System controls, disaster recovery and business continuity arrangements exist to mitigate the risk of a critical system failure. • Robust portfolio process to determine the right investments across the Group.

9. People, culture and employee relations

↑ C19 1 3

Status Additional safety procedures have been introduced to protect the Group's staff and customers, in line with industry recommendations. Where possible, the Group's staff are working from home and in line with governments' recommendations.

Employee consultations have been undertaken as required and appropriate in relation to restructuring necessitated by the pandemic. Where possible, the Group has utilised government wage support schemes. In November 2020, the Unite union representing the Group's cargo handling business in the UK balloted its members for industrial action in December. An agreement was reached in January 2021 between the union and the cargo business.

The resilience and engagement of our people and leaders has been critical through the pandemic period to ensuring the Group is best positioned to resume operations and adapt as needed to the uncertain external environment. As the Group rapidly transforms all its operations to adjust for the new environment, the engagement and support of the Group's employees is going to be a critical enabler.

In 2021, the Company will be bringing a new remuneration policy to shareholders for approval that will be closely aligned to the Company's strategy and will support the aim of attracting and retaining exceptional talent across the Group.

All Operating Companies recognise the critical role that their employees will play in the recovery and transformation of the Group and they are focusing on improving organisational health and employee engagement.

Risk description	Strategic relevance	Mitigations
Any breakdowns in the bargaining process with the unionised workforces may result in subsequent strike action which may disrupt operations and adversely affect business performance and customer perceptions of the airlines.	The Group has a large unionised workforce represented by a number of different trades unions. IAG relies on the successful agreement of collective bargaining arrangements across its operating companies to operate its airlines.	• Collective bargaining takes place on a regular basis with the operating companies' human resources specialists, who have a strong skillset in industrial relations. • Operating companies' people strategies. • Succession planning within and across operating companies. • IAG Tech refresh of professional development framework. • Operating companies' engagement surveys and subsequent action plans. • IAG Code of Conduct.
Our people are not engaged, or they do not display the required leadership behaviours. The Group businesses fail to attract, motivate, retain or develop its people to deliver service and brand excellence. Digital and agile skillsets are not in place to execute on the required transformation and drive the business forward.	The right skillsets and culture are needed to transform our businesses at the pace required.	

Business and operational continued

10. Political and economic environment

C19 1 2

Status The pandemic has resulted in governments around the world implementing, at very short notice, numerous, differing and wide-ranging measures in an attempt to contain the spread of the virus, such as travel restrictions, curfews, quarantines, lockdowns and restrictions on non-essential services. This has led to an unprecedented decrease in the demand for both domestic and international air travel and has also resulted in severe economic downturns and rising unemployment levels in a number of countries and regions. These are being actively monitored and near-term capacity plans are refreshed dynamically, according to the latest status.

There can also be no certainty as to the level of demand for the Group's services after any restrictions are lifted; the Group anticipates that global passenger demand will not return to 2019 levels until at least 2023.

Wider macroeconomic trends are being monitored such as tensions between the US and China, particularly over the terms of the trade deal and how the new administration in the US plans to engage with the Chinese government. The imposition of tariffs by the EU on the US in response to the findings of a WTO review could also result in an escalation of application of tariffs elsewhere. The stress of the pandemic could have further far-reaching impacts including currency devaluations, new tax regimes on corporates and individuals as well as changes in control of governments and new government policies.

Following the referendum decision in 2016, the UK left the EU on December 31, 2020 under the terms of the Trade and Cooperation Agreement between the EU and the UK. This agreement includes all arrangements for aviation that would otherwise be covered by a typical air services agreement and the business has made all necessary adjustments.

Risk description	Strategic relevance	Mitigations
Economic deterioration in either a domestic market or the global economy may have a material impact on the Group's financial position, while foreign exchange, fuel price and interest rate movements create volatility. Uncertainty or failure to plan and respond to economic change or downturn impacts the operations of the Group. Political decisions to respond to the pandemic impact economies across all markets, causing longer-term economic stress.	IAG remains sensitive to political and economic conditions in the markets globally.	• The Board and the Management Committee review the financial outlook and business performance of the Group through the financial planning process and regular reforecasts (frequently during 2020). • Reviews are used to drive the Group's financial performance through the management of capacity, together with appropriate cost control measures including the balance between fixed and variable costs, management of capital expenditure, and actions to improve liquidity. External economic outlook, fuel prices and exchange rates are carefully considered when developing strategy and plans and are regularly reviewed by the Board and IAG Management Committee as part of business performance monitoring. • IAG Government Affairs function and the Group's operating companies have been in discussions with governments regarding restrictions and approaches for the implementation of consistent, customer-centric testing regimes.

11. Safety or security incident

2

Status The IAG Safety Committee of the Board continued to monitor the safety performance of IAG's airlines. Safety and security responsibility lies with each Group airline in accordance with its applicable standards. See the Safety Committee report.

Risk description	Strategic relevance	Mitigations
A failure to prevent or respond effectively to a major safety or security incident or intelligence may adversely impact the Group's brands, operations and financial performance.	The safety and security of our customers and employees are fundamental values for the Group.	• The corresponding safety committees of each of the airlines of the Group satisfy themselves that they have the appropriate resources and procedures which include compliance with Air Operator Certificate requirements. • Incident centres respond in a structured way in the event of a safety or security incident or intelligence. • The Board's Safety Committee shares best practices between Group airlines.

Financial

IAG balances the relatively high business and operational risks inherent in its business through managing liquidity and financial risks so as to protect the Group.

12. Debt funding

C19 2 3

Status Despite disruption in the financial markets since the spread of the pandemic, the Group has proactively focused on protecting liquidity by renewing and extending credit facilities and agreeing new aircraft leases, together with agreeing additional one-year funding facilities in advance of a future improvement in market conditions. Aircraft were successfully financed on long-term arrangements during the year and the additional one-year facilities were repaid. The Group also raised additional equity, with net proceeds of €2.7 billion received in early October. In December British Airways announced that it had received commitments for a 5-year Export Development Guaranteed term loan for £2.0 billion underwritten by a syndicate of banks, partially guaranteed (80 per cent) by UK Export Finance (UKEF).

Risk description	Strategic relevance	Mitigations
Failure to finance ongoing operations, committed aircraft orders and future fleet growth plans. New financial arrangements, in addition to the repayment of existing arrangements, and government support schemes (as applicable) may impact plans to transform the Group and will influence the timing for IAG to resume paying dividends to its shareholders.	The Group has substantial debt that will need to be repaid or refinanced. The Group's ability to finance ongoing operations, committed aircraft orders and future fleet growth plans is vulnerable to various factors including financial market conditions, financial institutions' appetite for secured aircraft financing and the financial market's perceptions of the future resilience and cashflows of the Group.	• The IAG Board and Management Committee have reviewed the Group's financial position and financing strategy on a very frequent basis (often weekly) throughout the period of the pandemic. • The Group has maintained clear focus on protecting liquidity. • Additional funding arrangements entered into, including raising additional equity.

13. Financial and treasury-related risk

C19 2 3

Status The financial markets were impacted by the uncertainty derived from the pandemic. The imposed travel ban resulted in reduced jet fuel consumption. The Group's reduced capacity in addition to sharp decline in jet fuel prices in the first half of 2020 amounted to an exceptional loss on fuel and foreign exchange hedges.

The approach to fuel risk management, financial risk management, interest rate risk management, proportions of fixed and floating debt management and financial counterparty credit risk management and the Group's exposure by geography have all been re-evaluated this year to ensure the Group responds to the rapidly changing financial environment appropriately. Details are set out in the Group financial statements.

Risk description	Strategic relevance	Mitigations
Failure to manage the volatility in the price of oil and petroleum products. Failure to manage currency risk on revenue, purchases, cash and borrowings in foreign currencies in currencies other than the airlines' local currencies of euro and sterling. Failure to manage the impact of interest rate changes on floating finance debt and floating operating leases. Failure to manage the financial counterparties credit exposure arising from cash investments and derivatives trading.	The volatility in the price of oil and petroleum products can have a material impact on the Group's operating results. The volatility in currencies other than the airlines' local currencies can have a material impact on the Group's operating results. The volatility in floating interest rates can have a material impact on the Group's operating results. The Group is exposed to non-performance of financial contracts that may result in financial losses.	• Fuel price risk is partially hedged through the purchase of oil derivatives in accordance with the Group risk appetite. • All airlines hedge in line with the Group hedging policy under the Group Treasury oversight. • The IAG Audit and Compliance Committee and IAG Management Committee regularly review the Group's fuel and currency positions. • Currency risk is hedged through matching inflows and outflows and managing the surplus or shortfall through foreign exchange derivatives. • All airlines review routes to countries with exchange controls to monitor delays in the repatriation of cash and/or with the risk of material local currency devaluation. • The impact of rising interest rates is mitigated through structuring selected new debt and lease deals at fixed rates throughout their term as well as through derivatives instruments. • The Group has a financial counterparty credit limit allocation by airline and by type of exposure and monitors the financial and counterparty risk on an ongoing basis. • The IAG Management Committee and the IAG Audit and Compliance Committee regularly review the financial risks and the hedged amounts.

Financial continued

14. Tax

C19 2 3

Status Tax is managed in accordance with the Tax Strategy, found in the Corporate Policies section of the IAG website. Further information about taxes paid and collected by IAG is set out in note 9 of the Group financial statements.

Risk description	Strategic relevance	Mitigations
The Group is exposed to systemic tax risks arising from either change to tax legislation and accounting standards or challenges by tax authorities on the interpretation or application of tax legislation. Businesses and consumers may be subject to higher levels of taxation as governments seek to recover the national debts arising from pandemic support measures. The Group's stakeholders' expectations of the tax behaviours of large corporates may lead to reputational risk from the Group's management of tax.	Payment of tax is a legal obligation. Changes in the tax regulatory environment, including changes in tax rates, may result in additional tax costs for the Group and in additional complexity in complying with such changes. The Group's tax strategy aims to balance the needs of our key stakeholders, recognising that tax is one of Group's positive contributions to the economies and wider societies of the countries in which IAG operates.	• The Group adheres to the tax policy approved by the IAG Board and is committed to complying with all tax laws, to acting with integrity in all tax matters and to working openly with tax authorities. • Tax risk is managed by the operating companies in conjunction with the IAG Tax Department. • Tax risk is overseen by the Board through the Audit and Compliance Committee. • The Group seeks to understand its stakeholders' expectations on tax matters e.g. cooperative working with tax authorities and its interaction with non-governmental organisations.

Compliance and regulatory

The Group has no tolerance for breaches of legal or regulatory requirements.

15. Group governance structure

2 3

Status Following the referendum decision in 2016, the UK left the EU on December 31, 2020 under the terms of the Trade and Cooperation Agreement between the EU and the UK. IAG initiated the remedial plans on the ownership and control of its European airlines that were agreed with all national regulators in 2019. The Group will continue to encourage stakeholders in the UK and EU to normalise ownership of airlines in line with other business sectors.

Risk description	Strategic relevance	Mitigations
The governance structure the Group has in place includes nationality structures to protect Aer Lingus', British Airways' and Iberia's route and operating licences. IAG could face a challenge to its ownership and control structure.	Airlines are subject to a significant degree of regulatory control. In order for air carriers to hold EU operating licences, an EU airline must be majority-owned and effectively controlled by EU nationals. British Airways is a UK carrier and not subject to the same requirement.	• IAG will continue to monitor regulatory developments affecting the ownership and control of airlines in the UK and EU.

16. Non-compliance with key regulation and laws

2 3

Status The Group has maintained its focus on compliance with key regulations and mandatory training programmes have continued throughout the year. As employees have exited the Group businesses following restructuring, access to systems and processes has been reviewed and removed from these employees in a timely manner.

Risk description	Strategic relevance	Mitigations
The Group is exposed to the risk of individual employees' or groups of employees' inappropriate and/or unethical behaviour resulting in reputational damage, fines or losses to the Group.	Carrying out business in a compliant manner and with integrity is fundamental to the values of the Group, as well as the expectation of the Group's customers and stakeholders.	• The Group has clear frameworks in place including comprehensive Group-wide policies designed to ensure compliance. • There are mandatory training programmes in place to educate Board members and employees as required for their roles in these matters. • Compliance professionals specialising in competition law and anti-bribery legislation support and advise the Group's businesses. • IAG Code of Conduct framework and training. • Data Protection Officers are in place in all operating companies. • IAG Compliance Steering Group.

Viability assessment

The business model and strategic priorities are set out in the Business Model and Strategic Priorities section. The impact of the COVID-19 pandemic on the business is also set out in the Chief Executive Officer's review and the Financial review.

As part of the review of the business model and assessment of Group strategy alignment to the external environment, the Directors have assessed key threats and trends faced by the industry, emerging risks and opportunities arising from the pandemic as well as other structural industry risks and non sector-specific risks over a timeframe beyond the plan period, for example climate change risk. These are considered in the light of how they could impact our business model and relevance, our operations or our customers and include changes in regulations, customer trends and behaviours, macroeconomic predictions on growth, regional market opportunities and technology trends and infrastructure developments that could impact our operations, as well as more existential threats to the aviation industry.

When developing the Group's three year Business Plan ('Business Plan'), longer-term considerations have been assessed by the Management Committee in conjunction with the priorities faced by the business during the next three years in responding to the impact of the pandemic crisis on the Group's businesses. The Board has also conducted its annual strategy session in addition to increased review meetings during the year, where these longer-term considerations have been assessed in parallel with the near-term priorities and adaptions required by the Group. Following this process, short-, medium- and longer-term plans, challenges and opportunities have been identified and actions agreed.

The Group has undertaken extensive analysis, forecasting and scenario modelling over the last 12 months. It has refined the models and developed the depth of the analysis to ensure that the stresses considered reflected specifics to markets and regions across Aer Lingus, British Airways, Iberia and Vueling as well as the analysis completed at the Group level. Assumptions have been refined based on the impact of the pandemic on the airlines and other businesses through 2020 and into 2021. The modelling was refreshed in February 2021 for the latest available information and predictions. This refresh of the Business Plan formed the Base Case ('Base Case') for the purposes of the Viability (and Going Concern) assessment.

During 2020 and in January and February 2021, the Board reviewed, on many occasions, scenarios stressing the financial plans for both the second half of 2020 and for the period to December 2023. These exercises leveraged the existing processes and models used for viability assessment within the Group. When considering the viability of the Group, for the purposes of this report, the Directors have evaluated the risk landscape facing the Group and recommended plausible but severe downside scenarios that could impact the Group's refreshed three-year Business Plan (the 'Base Case') to determine the Group's resilience to such impacts. The results of these severe but plausible downside scenarios (as described below) on the Base Case have been presented both pre and post an assessment of the likely effectiveness of the mitigations that management reasonably believes would be available over this period (and not already reflected in the Base Case).

The scenarios have been defined by management and designed to consider principal risks that could materialise over the viability period and weaken the Group's liquidity position. Each scenario considered the impact on liquidity, solvency and the ability to raise financing in an uncertain and volatile environment. When considering the mitigations, management has assessed mitigations that are available to the business beyond operating cost reductions including further financing, capital expenditure plans and potential disposals. Options that may not have been previously considered as mitigations were presented with recommendations for the Board to review. In assessing the potential mitigations, the Board considered, amongst other matters, the expected speed of implementation in response to the uncertainty and the future flexibility required for the Group to adapt further as needed.

Sensitivities in the scenarios' assumptions have been highlighted by management and challenged by the Board. In addition, the Board reviewed the results of reverse stress testing, which demonstrated the level of revenue decline (before mitigations) that would result in the Group using all available cash balances and compared this to the outputs from the scenarios analyses.

Management has assessed and the Board considered the longer-term sustainability and climate-related risks, applying scenario analysis techniques as set out by the Task Force on Climate-related Financial Disclosures (TCFD) process, and their potential impact on the Group's viability over the next three years.

For more details of the Group's sustainability risks and opportunities, see Sustainability section.

Scenarios modelled

No.	Title	Link to principal risks
1	A Downside Case considering the impacts of delays in the removal of government restrictions beyond the assumptions in the Base Case in 2021, further delaying recovery based on demand sensitivity experienced in 2020. This could be caused by factors such as the slower than expected pace of roll out of vaccines and/or governments' risk appetite to remove restrictions and allow movement of their populations. The Downside Case modelled significant capacity ASK reductions by airline and by region, including adjustments to non-passenger revenues. Passenger yield assumptions were also significantly reduced to reflect the constantly evolving and changing governmental restrictions that adversely impact the airlines and, therefore, customers' willingness to fly. As part of the modelling, consideration was given to some of the key factors that could influence the evolution of cash in the Downside Case. Cost mitigations were considered across all operating cost lines, including sensitivities around the impact of cost variability being lower than that assumed. Fuel was modelled directly, based on fuel curves and hedging plans. Working capital and capital expenditure adjustments were applied within the scenario. The following assumptions were applied to the Downside Case. Capacity recovery modelled by geographical region saw capacity gradually increasing from a reduction of 79 per cent versus 2019 in quarter 1 of 2021 to 18 per cent in quarter 1 of 2022. Across the Viability period to December 2023, the Group has assumed a gradual easing of travel restrictions, by geographical region, based on deployment of vaccines. Travel corridors between countries are assumed to be introduced from quarter 3 2021. The capacity reduction equates on average, to a Group passenger revenue stress of over 10 per cent across the total three year period compared to the Base Case. Sensitivities around mitigating actions were presented to allow the Board to challenge the ability of the Group to respond to the range of potential outcomes. The impact of a further delay in recovery was also considered, with a setback in early 2022, which could be linked to further resurgence of COVID-19, delays in vaccination, or the need to modify vaccines leading to restrictions being re-introduced in the early months of 2022. The period to March 2022 of this Downside Case scenario has also been applied as the Downside Case set out in the going concern analysis (see note 2 of the Group financial statements).	3, 7, 10, 12, 13
2	A stress to model the impact of a ransomware attack on an IAG airline. The scenario assumes a disruption period resulting from the attack, impacting customers and operations of the affected airline.	6, 7, 8
3	A revenue stress on shorthaul operations across the Group to reflect changes in customer behaviours towards shorthaul travel where other travel options exist or taxation regimes impact demand. Increasing global concern about climate change and the impact of carbon is expected to grow in future years especially with the potential implementation of new taxes and eco-initiatives (see Sustainable aviation section 5). This scenario was not considered to be severe by management but allowed the Board to understand the potential impacts of the Sustainability agenda on the Group's future financial performance.	5

Viability Statement

The Directors have assessed the viability of the Group over three-years to December 2023 considering the ongoing impact of the pandemic on the external environment and aviation industry and the assumptions adopted in the refreshed Business Plan ('the Base Case' for the purposes of this Statement), the strategy of the Group and the Board's risk appetite. Although the prospects of the Group are considered over a longer period, the Directors have determined that a three-year period is an appropriate time frame for assessment as it is aligned with the Group's strategic planning period (as reflected in the Base Case) and the external uncertainties facing the aviation sector more widely are significantly beyond any experience to date and regularly unexpectedly change. The Board recognises the pace of change required within the Group to further adapt and respond to this environment in addition to the rapidly changing competitive landscape and wider global macroeconomic conditions.

The Group has modelled the impact of mitigating actions to offset further deterioration in demand and capacity, including reductions in operating expenditure and capital expenditure. The Group expects to be able to continue to secure financing for future aircraft deliveries and in addition has further potential mitigating actions it would pursue in the event of adverse liquidity experience.

Further details on debt financing can be found in the Going Concern disclosures in note 2 of the Group financial statements.

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation, meet its liabilities as they fall due and raise financing as required over the period to December 2023. However, this is subject to a number of significant factors related to the pandemic that are outside of the control of the Group. In reaching this assessment the Directors have made the following assumptions when considering both the Base Case and the Downside Case:

- the Group will continue to have access to funding options and that the capital markets retain a level of stability and appetite for funding within the aviation sector;
- the Group can implement any further structural changes required in agreement with any union consultation processes and regulatory approvals;
- the pandemic does not result in further prolonged and substantial capacity reductions and groundings into H2 2022 or beyond; and
- any new virus strain or threat to public health that emerges during the viability period can be managed within vaccination and testing regimes and do not result in new government regulations that further significantly affect our airlines' operations.

Due to the uncertainty created by the COVID-19 pandemic and potential for future waves of the pandemic and the impact on travel restrictions and/or demand, the Group is not able to provide certainty that there could not be more severe downside scenarios than those it has considered, including the stresses it has considered in relation to factors such as the impact on yield, capacity operated, cost mitigations achieved and fuel price variations. In the event that such a scenario were to occur, the Group would need to implement additional mitigation measures and would likely need to secure additional funding over and above that which is contractually committed at February 25, 2021. The Group has been successful in raising financing since the outbreak of COVID-19, however the Group cannot provide certainty that it will be able to secure additional funding, if required, in the event that a more severe downside scenario than those it has considered were to occur.

Regulatory environment

Overview

Regulatory matters assumed more than their usual level of prominence and scrutiny in 2020 with two topics dominating the policy agenda: the introduction of regulations around the world to restrict international air travel in response to the spread of COVID-19 and the continuing Brexit negotiations as the transition period for the UK's departure from the European Union (EU) came to a close at the end of December.

Throughout the year, IAG's airlines contributed directly to the development of rules in respect of responses to the COVID-19 pandemic that impacted aviation and travel in order to maintain operations to the greatest extent possible while ensuring customer and staff safety. The Group also provided input during 2020 to the Brexit discussions in support of a positive negotiated settlement to benefit UK and European citizens.

IAG also worked with regulators and authorities around the world on key policy areas such as sustainability in order to try and secure the best long-term outcomes for its customers.

COVID-19

When the COVID-19 pandemic emerged, states around the world began to close their borders to different degrees, leading to a dramatic impact on worldwide traffic volumes.

IAG aimed throughout 2020 to work constructively with regulators and contributed to their deliberations wherever possible on how to respond to the virus to allow safe, continued operations and to demonstrate the inherent safety of air services themselves.

In Ireland, Spain and the UK, IAG's airlines worked with national regulators as they developed their policies to ensure these were practically deliverable and balanced so as to allow air transport to continue safely and that guidance to industry and restrictions on travel were, where possible, measured and workable. British Airways made a significant contribution to the development of the ICAO's Council Aviation Recovery Task Force (CART) process, running trial protocols and becoming the first airline worldwide to be assessed against its criteria. Similarly, working directly, and with industry association Airlines for Europe (A4E), IAG experts helped the European Union Aviation Safety Agency (EASA) develop guidelines on aviation health safety protocols. However, where IAG believed measures were severely detrimental to its own and its customers' interests, and provided no health benefit, the Group also acted. This included working with other airlines in the UK to bring a Judicial Review challenge to the UK Government's imposition of blanket quarantine measures. These measures were ultimately amended to satisfy the Group's objections at the time.

As the crisis endured, IAG worked with partner and competitor airlines as well as with academic partners to provide data on the efficacy of different approaches to COVID-19 testing. The Group also operated programmes to trial different approaches for testing in support of enabling states to safely remove quarantine policies that restrict travel. IAG staff continue to take every opportunity to work with national regulators and policy makers as the spread of the virus and the deployment of vaccines influences changes to regulatory requirements. In particular IAG continues to promote the need for a digital solution to the sharing and verification of personal data, health certificates and other requirements for travel. This includes working with individual developers, for example the VeriFly app successfully trialled by British Airways and contributing to potential industry-wide solutions such as those being promoted by IATA.

Brexit

The UK formally left the EU on January 31, 2020 remaining bound by the EU's laws and benefiting as if it were a member state in a transition period running until December 31, 2020.

During 2020 there was therefore no change to air services between the EU and the UK. Throughout the year IAG engaged with regulators and policy makers in the UK, Brussels and a number of EU Member States to ensure that the needs of IAG's customers after Brexit are understood and, in particular, that policymakers recognise the economic and social importance of uninterrupted air services between the EU and the UK.

After protracted negotiations the UK and the EU agreed an overall trade deal that includes air transport. This agreement ensures that all IAG airlines' flights could continue as they did before Brexit. The only change is a very minor limitation on codeshare arrangements.

During 2020, the UK Government also finalised agreements with all other countries with which it needed to replace existing EU-wide arrangements for air services, including formally signing on November 17, 2020 the agreement reached in 2018 with the US.

IAG implemented plans to ensure that its EU-licensed airlines continue to comply with EU ownership and control rules following Brexit. These remedial plans were approved by national regulators in Spain and Ireland. The plans include the implementation of a national ownership structure for Aer Lingus and changes to the Group's longstanding national ownership structure in Spain.

It is notable that the Brexit agreement recognises the potential benefits of the continued liberalisation of ownership and control of air carriers and commits the EU and UK to examining options in that area during 2021. The Group will continue to encourage regulators around the world to normalise ownership of airlines in line with other business sectors.

Other policy areas

While 2020 was a year of unprecedented disruption and uncertainty due to the COVID-19 pandemic, other key aspects of aviation policy continued to be developed in particular in relation to sustainability. In July the European Commission published a roadmap for its legislative initiative aimed at implementing the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

With its strong credentials in this field, IAG provided key input to the joint product of the European aviation industry, initiated by A4E, "Destination 2050, aviation's roadmap to carbon neutrality by 2050." Published in December, this roadmap shows how European aviation can reduce emissions through new aircraft and engine technology, operational efficiency, sustainable aviation fuels, economic measures (such as CORSIA) and greenhouse gas removal technology.

IAG continued to highlight the need for reform of the European air traffic management system and airport charges legislation to make the industry fit for a new future. The Group continues to demonstrate the economic and social value of aviation, through trade, tourism and bringing families together as tools to support economic recovery from the pandemic.

Additional disclosures

B. Planet

B.7. Additional environmental metrics and commentary

GRI 301-1, 302-1, 303-3, 305-5

Amount of provisions and warranties for environmental risks

IAG does not take out any specific insurance to cover environment risks but does purchase forward carbon credits to cover future liabilities.

Water consumption

Water consumption is not a material issue for IAG. However, water use is monitored across the Group and IAG consumed 423,196 m^3 of water in 2020 in offices and ground facilities. This represents a 35 per cent drop from the 655,285 m^3 consumed in 2019. The reduction is driven by reduced activity in offices as a result of the COVID-19 pandemic.

Description and commentary of additional climate change metrics in section B.1 on page 20

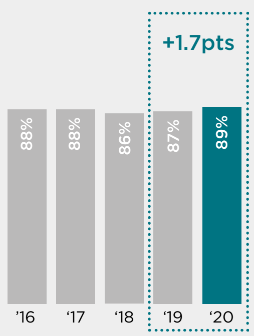
Metric	Description	Commentary
Emissions intensity (Scope 2)	Scope 2, location-based electricity divided by business activity, as measured in revenue passenger kilometres including cargo. Scope 2 emissions intensity is measured in units of CO_2-equivalent, which includes CO_2, CH_4 and N_2O and complements the flight-only emissions intensity metric in section B.1.	The 154% increase in 2020 is temporary and due to passenger-km decreasing much more than the decrease in emissions from electricity. These drops were 75% and 23% respectively.
GHG reduction initiatives	Reductions in CO_2-equivalent emissions as a result of specific initiatives which started in the reporting year. This excludes reductions from externally-driven changes applicable to all airlines e.g. airspace changes. See examples in the Operational efficiency subsection in section B.3.	The 78% decrease in 2020 is in line with the reduction in flying activity and is also a result of reduced staff available to deliver initiatives.
Electricity	Consumption of electricity across IAG ground facilities, in millions of kilowatt hours. This includes usage in main offices, overseas offices, hub airports and maintenance facilities. A detailed description of how this value is calculated is provided next to the Scope 2 emissions metric in section B.1.	The 19% decrease in 2020 was less than the drop in flying activity, because a number of ground facilities and offices remained open during the COVID-19 pandemic even with lower occupancy. The 2019 kWh has been restated based on the latest verified data, latest electricity emissions factors, and a more accurate methodology for calculating electricity from fixed-electrical ground power.
Energy	Measured in million MWh and based on fuel and electricity use. Energy use from fuel is based on the volumes of jet fuel, diesel, petrol, natural gas and gas oil, multiplied by appropriate UK Government conversion factors. Energy use from electricity is based on kWh, calculated as described above.	The 65% decrease in 2020 is due to reduced flying activity. Jet fuel consumption accounts for 99% of IAG's energy use. 0.6% of energy use is from renewable sources, based on renewable electricity purchases. IAG is investing in sustainable aviation fuels and expects these to contribute to Group energy use from late 2022.
Revenue per tonne CO_2e	Calculated by dividing total Group revenue by tonnes of Scope 1 and 2 CO_2-equivalent.	Pre-pandemic, this metric was increasing due to the use of more efficient aircraft and retirement of older aircraft. The 15% decrease in 2020 is temporary and is due to a decrease in passengers and load factors, so lower average revenues per flight.
Jet fuel use	Commercial aircraft remain reliant on liquid kerosene for the foreseeable future. Jet fuel use is correlated with flying activity.	The 64% decrease in 2020 is due to a large drop in flying activity, as a result of lower demand and COVID-19 flight restrictions.
Fleet age	The average age of aircraft in the IAG fleet as of December 31, 2020.	The 7% decrease in 2020 is driven by the accelerated retirement of aircraft such as British Airways B747s and Iberia Airbus A340s.

C. People and Prosperity

C.7. Additional metrics and commentary

GRI 102-41, 403-9, 404-1

Description and commentary for additional workforce metrics mentioned in section C.6. Social & employee related matters - Labour relations, Training



Social dialogue and trade unions

% covered by collective bargaining agreements

GRI 102-41

Country	2019	vly	2020
UK	89%	+3pts	92%
Spain	94%	+2pts	96%
Republic of Ireland	87%	0pts	87%
India	13%	+7pts	20%
USA	67%	-1pts	66%
Other Countries	41%	+2pts	43%

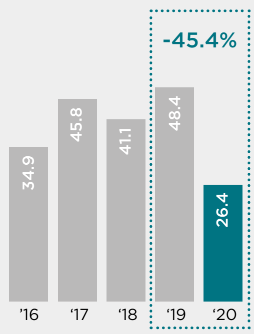
Description

Collective bargaining can cover a wide array of issues pertaining to working conditions, such as remuneration, working time, perks and benefits, and occupational safety and health. This coverage rate refers to the proportion of employees who are covered by one or more collective agreements. Calculated using headcounts at the end of the reporting period.

Commentary

Refer to Risk Management and principal risk factors section.

The higher coverage rate is due to reporting improvements and changes in workforce composition.



Average hours of training

Average hours per employee per year

GRI 404-1

Employee Category	2019	vly	2020
Cabin Crew	45%	-1pts	44%
Pilots	19%	0pts	19%
Airport	18%	-4pts	14%
Corporate	6%	+4pts	10%
Maintenance	12%	+1pts	13%

Description

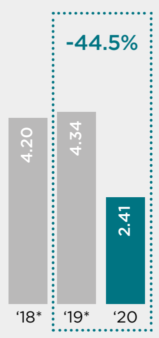
Calculated by translating training data for operating companies per full-time equivalent (FTE) into training hours per Group Average Manpower Equivalent (AME). All mandatory and non-mandatory training is in scope. Total training hours are broken down by employee category.

Commentary

The 2020 decrease in average hours of training per employee was due to the wide-ranging effects of the COVID-19 pandemic on airline operations and the consequential training requirements. All non-mandatory training was stopped or reduced, including all non-committed head office, corporate, leadership and management training. Safety, compliance and operationally essential training, including for new entrants, continued. For those training courses that did physically take place, the number of attendees was reduced in order to comply with social distancing rules.

In 2020, 1,601,959 training hours were recorded versus 3,193,961 in 2019, representing a drop of 50%.

Description and commentary for additional workforce metrics mentioned in section C.6. Social and employee-related matters - Health and safety



Lost Time Injury (LTI) frequency rate

LTI per 200,000 hours worked

GRI 403-9

Description

A lost time injury (LTI) is a non-fatal injury arising out of, or during, work, which will lead to a loss of productive work time.

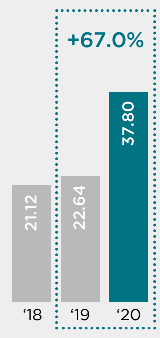
The unit is LTI per 200,000 hours worked, using actual hours worked.

Commentary

During 2020, 570 LTIs were recorded versus 1,864 in 2019. This change reflects the reduction in hours worked, especially in operational roles where the risk of injuries is higher.

The LTI frequency rate for men was 2.30, versus 4.19 in 2019, whilst the rate for women was 2.65, versus 4.57 in 2019.

* These rates have been restated at year end due to changes in standardising factors to better align with GRI 403-9.



LTI severity rate

Average days lost per LTI

GRI 403-9

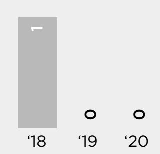
Description

This measures the impact of occupational accidents as reflected in time off work by the affected workers.

Days lost per LTI is expressed as an average by dividing the total lost days due to injuries by the total number of LTIs in the reporting period.

Commentary

The LTI severity rate for men was 34.51 (versus 23.03 in 2019) whilst the rate for women was 44.18 (versus 22.09 in 2019). Even though there was a decrease of 49% in the number of days lost due to injury, the increased severity rate is due to a higher proportion of days lost reported being respective to injuries taking place in previous year, whilst the number of LTIs also dropped 69%.



Fatalities

Number of fatalities

GRI 403-9

Description

Work-related fatalities. To align with GRI guidance, fatalities as a result of commuting accidents are only included in cases where the transport has been organised by the business, such as via a company or contracted bus or vehicle.The exception is employees in Spain, where inclusion of these types of fatalities is a legal requirement.

Commentary

There were no fatalities in 2020.

Total number of employment contracts and distribution by type, annual average of permanent, temporary and part-time contracts distributed by gender, age and job category

GRI 102-8					
Annual average number of contracts			2019	**vly**	**2020**
Overall employment contract and employment type	Permanent		68,104	**-7.9%**	**62,728**
	Temporary		5,195	**-47.0%**	**2,753**
	Full-time		54,918	**-7.9%**	**50,581**
	Part-time		18,381	**-18.9%**	**14,900**
			2019	**vly**	**2020**
Age bands by employment contract and employment type	Permanent	<30	16%	**-1pts**	**15%**
		30–50	52%	**+1pts**	**53%**
		>50	32%	**0pts**	**32%**
	Temporary	<30	59%	**-3pts**	**56%**
		30–50	38%	**+3pts**	**41%**
		>50	3%	**0pts**	**3%**
	Full-time	<30	22%	**-2pts**	**20%**
		30–50	50%	**+2pts**	**52%**
		>50	28%	**0pts**	**28%**
	Part-time	<30	11%	**-2pts**	**9%**
		30–50	52%	**+2pts**	**54%**
		>50	37%	**0pts**	**37%**
Gender by employment contract and employment type	Permanent	Men	56%*	**+1pts**	**57%**
		Women	44%*	**-1pts**	**43%**
	Temporary	Men	54%*	**-2pts**	**52%**
		Women	46%*	**+2pts**	**48%**
	Full-time	Men	61%*	**+1pts**	**62%**
		Women	39%*	**-1pts**	**38%**
	Part-time	Men	38%*	**-1pts**	**37%**
		Women	62%*	**+1pts**	**63%**
Employee categories by employment contract and employment type	Permanent	Cabin Crew	35%*	**-2pts**	**33%**
		Pilots	12%	**+1pts**	**13%**
		Airport	25%*	**0pts**	**25%**
		Corporate	17%*	**+1pts**	**18%**
		Maintenance	11%*	**0pts**	**11%**
	Temporary	Cabin Crew	32%*	**+2pts**	**34%**
		Pilots	1%	**-1pts**	**0%**
		Airport	52%*	**-8pts**	**44%**
		Corporate	9%*	**+3pts**	**12%**
		Maintenance	6%*	**+4pts**	**10%**
	Full-time	Cabin Crew	31%*	**-1pts**	**30%**
		Pilots	12%*	**+1pts**	**13%**
		Airport	23%*	**-1pts**	**22%**
		Corporate	20%*	**+1pts**	**21%**
		Maintenance	14%*	**0pts**	**14%**
	Part-time	Cabin Crew	47%*	**-1pts**	**46%**
		Pilots	8%	**+1pts**	**9%**
		Airport	39%*	**-2pts**	**37%**
		Corporate	5%	**+2pts**	**7%**
		Maintenance	1%	**0pts**	**1%**

Description

The numbers for each employment contract and type are based on an average of four values, each captured at the end of each quarter during the year.

Commentary

Refer to 'Composition' commentary in 'Description and commentary for key workforce metrics' in section C.6. Workforce Measures.

* These values have been restated due to the reallocation of a number of employees into different categories.

Total number of dismissals and distribution by gender, age and job category

GRI 401-1

Workforce turnover

Non-voluntary turnover by employee category

	2019	vly	2020
Employee category			
Cabin Crew	21%	**+26pts**	**47%**
Pilots	6%	**+12pts**	**18%**
Airport	39%	**-4pts**	**35%**
Corporate	27%	**+1pts**	**28%**
Maintenance	7%	**+5pts**	**12%**

Non-voluntary turnover by gender and age band

	2019	vly	2020
Age groups			
<30	29%	**-6pts**	**23%**
30-50	29%	**+12pts**	**41%**
50+	42%	**-6pts**	**36%**
Gender			
Men	61%	**-9pts**	**52%**
Women	39%	**+9pts**	**48%**

Description

Refer to ‘Workforce turnover’ description in ‘Description and commentary for key workforce metrics’ in section C.6. Workforce Measures.

Commentary

Refer to ‘Workforce turnover’ commentary in ‘Description and commentary for key workforce metrics’ in section C.6. Workforce Measures.

Remuneration and salary gap

Average remuneration broken down by gender, age and job category – salary gap

GRI 405-2

Remuneration 2020 by seniority level (€)

	Overall			Men			Women			Salary Gap		
Seniority level	vly	2019	**2020**	vly	2019*	**2020**	vly	2019*	**2020**	vly	2019*	**2020**
Senior executives	-24%	273,825	**208,209**	-23%	284,330	**220,325**	-25%	233,935	**175,670**	+2.5pts	17.70%	**20.30%**
Other management	-13%	93,158	**80,808**	-14%	98,721	**85,279**	-12%	83,381	**73,324**	-1.5pts	15.50%	**14.00%**
All other employees	7%	42,382	**45,402**	5%	46,469	**48,793**	8%	37,581	**40,652**	-2.4pts	19.10%	**16.70%**
Total workforce	6%	43,488	**46,224**	5%	47,636	**49,832**	8%	38,369	**41,467**	-2.7pts	19.50%	**16.80%**

Remuneration 2020 by age band (€)

	Overall			Men			Women			Salary Gap		
Age band	vly	2019	**2020**	vly	2019*	**2020**	vly	2019*	**2020**	vly	2019*	**2020**
<30	1%	29,708	**30,149**	7%	31,194	**33,377**	-2%	28,884	**28,445**	+7.4pts	7.40%	**14.80%**
30–50	3%	44,518	**45,828**	2%	48,346	**49,319**	3%	40,704	**41,984**	-0.9pts	15.80%	**14.90%**
>50	2%	56,096	**57,276**	3%	56,690	**58,152**	1%	55,433	**56,102**	+1.3pts	2.20%	**3.50%**
Total workforce	6%	43,488	**46,224**	5%	47,636	**49,832**	8%	38,369	**41,467**	-2.7pts	19.50%	**16.80%**

Description

The median remuneration broken down by gender, age and seniority level; and salary gap were reported for the first time in 2019. The elements in scope for the reported figures include basic salary, shift pay, allowances and employer pension contributions, taxable benefits and annual incentives. The reporting methodology was developed in 2019 to arrive at comparable pay for each employee – from which median pay is calculated – based on amounts of pay respective to time worked, taking into account basic and variable remuneration.

All remuneration is extrapolated to a full-time annual equivalent for comparability. This is very important in an industry with a high proportion of part-time and temporary employees with highly variable working schedules. Employees who joined or left the Group during the year are included where they were employed for at least 15% of the year. Some limited exclusions apply in special cases, such as employees impacted by special leave for at least 10% of the year.

'Senior executives' includes operating companies' management committee members, directors and other senior/executive positions. 'Other management' includes all other management roles, excluding pilots and cabin crew managerial roles which are included within 'All other employees'.

Salary gap refers to the difference between men's and women's median earnings (based on total pay) across the organisation, expressed as a percentage of men's earnings.

2019 data has been restated due to the reallocation of a number of employees, as well as some pay elements, into different categories for alignment with 2020. Remuneration for the IAG Management Committee has been excluded from both 2019 and 2020 data because it is reported in the Board and Management Committee section of this report.

For calculation purposes, all remuneration amounts respective to government subsidies or company top-up pay, which are associated with time not worked, are excluded, in order to align with the methodology described above.

Commentary

The COVID-19 pandemic has had an impact on the remuneration of everyone in the Group. The 2020 dataset includes 64,565 employees. This represents over 100% of the workforce at year-end, due to the number of employees who left the Group towards the end of the year.

Government subsidy schemes and company top-up pay varied across the three key geographical areas of Ireland, Spain and the United Kingdom, impacting almost 50,000 employees during the year. All remuneration relating to government subsidies or company top-up pay has been excluded. Only remuneration paid during time worked has been included to be consistent with the methodology.

Voluntary salary reduction schemes were introduced for 'Senior Executives' from April to December, with salary reductions ranging from 15% to 50%. These temporary salary reductions did not represent a reduction in working hours. Voluntary salary reduction schemes were introduced for 'Other Management' employees, for those employees not part of any Government subsidy schemes, from April to December, with salary reductions ranging from 5% to 50%. In many cases, these included a reduction in working hours. The effect of these temporary reductions can be seen in the 24% fall in median pay for 'Senior Executives' and the 13% fall in median pay for 'Other Management'.

* These values have been restated to align employee categories and pay elements with 2020 reporting.

Remuneration and salary gap

Commentary (continued)

The increase in median pay for 'All Other Employees' is due to a number of factors, including annual pay uplifts implemented before the impact of COVID-19, new collective bargaining agreements implemented in Vueling and Iberia and bonus payments made in 2020 in relation to 2019 performance. With many employees having worked significantly reduced hours during the year, the extrapolation to a full-time annual equivalent can lead to an increase in overall average pay when all of the fixed and variable pay elements are taken into account. This impact was particularly pronounced in Iberia. Making extrapolations when there are low levels of activity gives rise to data that is more difficult to compare in respect to the prior year.

Total employee costs before exceptional items for the Group fell by 34.6% from €4,962m in 2019 to €3,247m in 2020, while Average Manpower Equivalents (AME) fell by 8.2% from 66,034 in 2019 to 60,612 in 2020, including time under job retention schemes.

The overall median salary gap for the total workforce reduced from 19.5% in 2019 to 16.8% in 2020. The median salary gap for 'Senior Executives' increased from 17.7% to 20.3% in 2020, due to joiners and leavers at the senior executive level. However, when considering this relatively small population (137 men and 59 women), the mean can be more meaningful, and when looking at the mean data for 'Senior Executives' the salary gap actually reduced from 16.0% to 13.9% in 2020 compared to 2019.

Government subsidy schemes and company top-up pay varied across the three key geographical areas of Ireland, Spain and the United Kingdom. Outlined below are the key components of schemes that cover 92% of the Group's employees.

United Kingdom – Job Retention Scheme (JRS)

Following the UK Government announcement regarding the JRS, furloughing of employees began from April. Through agreements with trade unions, the JRS was used each month since April 2020. All employee groups have been impacted by the JRS.

Under the terms of the current JRS rules, employers can claim 80% of an employee's usual salary for hours not worked, up to a maximum of £2,500 per month. As part of the agreements reached with the Trade Unions, since April 2020, UK operating companies continued to top up employees' pay to 80%, for all employee groups. Since April 2020, UK operating companies have sought to furlough as many employees as possible given the reduced operations and flying schedules.

Ireland – Temporary Wage Subsidy Scheme (TWSS), replaced later with Employment Wage Subsidy Scheme (EWSS)

In late March, Aer Lingus placed all employees on reduced working hours of 50% with the exception of senior executives and some other managers who continued to work 100% hours on 50% pay. This decision pre-dated the Irish Government's introduction of the TWSS aimed at supporting businesses in maintaining employment levels. Aer Lingus made use of this government subsidy and the values for employees were calculated based on the following conditions:

An initial cap was set at 70% of Average Net Weekly Pay (AWNP) subject to:

- A maximum of €410 per week where the average net weekly pay is less than or equal to €586; or
- A maximum of €350 per week where the average net weekly pay is greater than €586 and less than or equal to €960.

TWSS was amended for payroll after May 4, as follows:

- The subsidy was calculated based on an individual's Jan/Feb ANWP but also by reference to the individual's current gross pay, effectively increasing the number of eligible employees; and
- The 70% limit was increased to 85% where an employee's previous average net weekly pay does not exceed €412.

On September 1, 2020, the Irish Government replaced TWSS with EWSS. Under EWSS, qualifying employers could claim a flat rate rebate, to the employer, for eligible employees on their payroll. Unlike the TWSS which was a net subsidy paid through payroll directly to an employee, the EWSS is a payment paid to the employer. Aer Lingus received an amount per employee between €151.50 and €350 depending on the employee's gross weekly pay.

Spain - Expediente de Regulación Temporal de Empleo (ERTE)

In Iberia, ERTE was implemented from April 1, 2020, initially affecting 12,150 employees from all areas of the company. From June, a significant percentage of Iberia's workforce were put onto short time working to cover operational needs on a voluntary basis. ERTE figures increased again after the activity peak of summer.

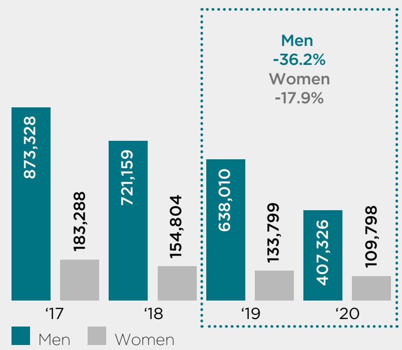
The employees affected by ERTE are subsidised directly from the government from the time they are not actively employed, through an unemployment subsidy corresponding to 70% of the regulatory base with a maximum payment of €1,098.09 for employees with no children and €1,411.83 with two or more children. The minimum unemployment subsidy is €501.98. The unemployment subsidy is paid according to the days affected within a month. Where employees are partially affected, the employee earns their regular salary from the company for the days they are actively employed.

Both Iberia and Vueling supplemented this with a top-up payment according to their monthly pay levels, from April to November 2020.

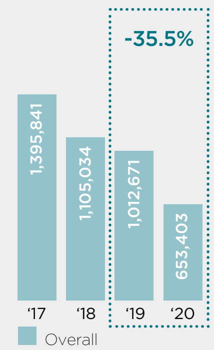
In Vueling, the ERTE was also implemented from April 1, 2020, initially affecting 4,081 employees from all areas of the company. ERTE figures increased again after the activity peak of summer.

Average remuneration of Board members and Directors, including variable remuneration, allowances, professional indemnity, contributions to pension and welfare systems and any other parts of the remuneration broken down by gender

Board (€)



Management Committee (€)



Board and Management Committee Remuneration

Description for both

For 2020, there was only one male Executive Director who was on the Board for the whole year, and this was the CFO of IAG. This should be borne in mind when making comparisons with previous years. His remuneration is made up of basic salary, taxable benefits (company car and private health), employer pension contributions, annual incentive, and long-term incentive, personal accident and travel insurance, and life insurance. Including only those members who were on the Board for the whole of 2020, the Board also had eight non-executive directors, comprising four men and four women. Non-executive directors' remuneration is made up of basic fees, travel benefits, and personal accident and travel insurance.

The Management Committee data excludes the Executive Director who is a Board member. Including only Management Committee members who were in employment for the whole of 2020, the Management Committee consisted of five men and two women. Their remuneration is made up of the same elements as for the Executive Director. For 2019, only people who were in service for the whole year are included; the differences being that there were eight non-executive directors (consisting of five men and three women) and eight Management Committee members (consisting of six men and two women). For 2019, the figures have been restated to include personal accident and travel insurance, and life insurance.

These figures are derived from the methodology as per the Remuneration Report filed with the Spanish National Securities Market Commission (CNMV).

Commentary for both

The average (mean) remuneration for men on the Board is considerably higher than the average for women because the remuneration of executive directors is much greater than that of non-executive directors and the fee for the Chairman is much higher than that of other non-executive directors. The posts of executive directors and Chairman are held by men.

Comparing 2020 to 2019, the average remuneration for men and women has fallen because of the fall in the annual incentive pay-out, which affects the Executive Director on the Board, and all members of the Management Committee, and also because of the salary and fee reductions in 2020 as a result of the COVID-19 pandemic, which affected all members of the Board and Management Committee.

As there are only two women on the Management Committee the average remuneration by gender has not been shown for reasons of confidentiality.

Policies which allow employees to disconnect from work, promote work-life balance and co-parenting responsibilities

GRI 103-2, 401-2

During the COVID-19 pandemic, employees who normally work in office environments were advised, where possible, to work from home. This brought additional challenges in encouraging employees to disconnect from work.

Employees have been offered lots of information and guidance on creating and managing a healthy work-life balance through digital employee portals.

Across the Group, there are a number of policies and initiatives in place designed to promote a healthy work-life balance. These include flexible working policies such as working from home, and flexible start and finish times dependent on job role, all designed to support employees in managing their home and work life.

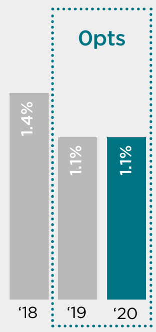
Regarding co-parenting responsibilities, there are policies on job-sharing, maternity, adoption, paternity and shared parental leave. There are active online platforms for working parents and carers to share ideas and to offer support to one another.

Working hours organisation

GRI 103-2

Time worked and holidays are different in each operating company as per the respective collective bargaining agreements.

Number of employees with disabilities



Employees with Disabilities

GRI 405-1

Description

Employees with disabilities as a percentage of headcount at the end of the year. In Spain, the disabilities in scope are medically certified, while in other countries the disabilities in scope are self-declared.

Commentary

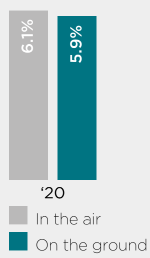
The 2020 percentage remains the same as in 2019, even though the total number of employees with disabilities changed, due to turnover.

The total number of employees wih disabilities in 2020 is 593, compared with 717 in 2019.

Collecting disability information on employees is not a legal requirement in the UK or Ireland, unlike in Spain.

Aer Lingus data is not in scope.

Number of hours of absenteeism



Number of hours of absenteeism

Description

The absenteeism rate is based on total employee absences divided by total scheduled hours or days in the reporting period, expressed as a percentage.

The 2020 methodology split absenteeism and time scheduled into two categories. Absences for “on the ground” employees are measured in hours. Absences for “in the air” employees are measured in days. The reason for this change is to increase the accuracy of flight staff absence reporting, as these absences are typically recorded in days. Days for cabin crew and pilots vary widely in terms of hours. In 2019, flight staff absences were based on an estimated number of hours, and therefore not comparable to 2020.

“On the ground” employee categories include all corporate, airport and maintenance categories and “in the air” includes all pilots and cabin crew.

For the purpose of this metric, only unplanned or unauthorised absences – which mean employees missing partial or whole days of work – are included. Examples in scope are short-term and long-term sickness, time off due to injuries, and no-shows, which are absences without leave or permission.

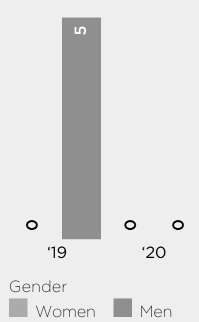
Commentary

In 2020, 2,319,959 hours of absence for “on the ground” employees and 154,328 days for “in the air” employees were recorded. Less than 5% of Group employees are not in scope, mainly overseas employees.

Under the 2019 methodology, IAG reported a total of 4,347,592 hours of absenteeism for the overall workforce.

Occupational Illnesses

GRI 403-10



Description

An occupational illness is a medical condition or disease that develops gradually over time as a result of work performed and/or exposure to risk factors in the workplace. The illness must be confirmed by a medical diagnosis.

Occupational illnesses in scope for the UK follow Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) standards and can be found at the Health and Safety Executive's (HSE) website.

Occupational illnesses in scope for Spain are published in the Royal Decree 1299/2006.

Commentary

No occupational illnesses were reported in 2020.

Social dialogue organisation, including procedures to inform and consult with employees and to negotiate with them;
Results of collective agreements, especially in the field of health and safety

GRI 403-4

IAG operating companies comply with all relevant legislation and work hard to improve and maintain workforce engagement and representation. Operating companies use a combination of human resources and employee engagement programmes and technology, to share information about the business with employees, their representatives and Trade Unions. The vast majority of employees are represented through collective bargaining agreements and Group companies have well-established mechanisms for negotiation and dialogue with relevant trade unions and employee groups. This includes regular reviews of matters relating to the health and safety in the workplace.

British Airways has regular health and safety engagement with trade unions at a local, departmental and directorate level across all areas of the business with escalation to the Corporate Safety team. Iberia has a health and safety committee in each relevant work centre which meets every two months. Aer Lingus holds regular meetings with both health and safety and employee representatives, with Corporate Safety in attendance, and Vueling holds quarterly meetings with a health and safety committee, composed of Vueling management and trade union appointed safety representatives.

During the COVID-19 pandemic, additional and regular meetings have been held right across the operationg companies and employees, employee representatives and trade union representatives have been updated regularly on risks, actions and changes to ways of working on board aircraft to mitigate risks. This has been done in conjunction with health and safety assessments for airport and office environments.

Universal accessibility of people with disabilities

GRI 103-2

The Group complies with all relevant legislation regarding accessibility for disabled employees and customers in our buildings and operations. Operating airlines also work with a variety of external organisations, such as the Business Disability Forum in the UK, to help inform and support efforts and strategy. They continue to listen and respond to customers' needs.

British Airways is particularly active on this issue and has built on its accessibility strategy during 2020. The impact of the COVID-19 pandemic means that it may be more challenging for customers with additional needs to travel, so there was a greater need to ensure messaging on social distancing and sanitation reflected the needs of people with a range of disabilities i.e. hard of hearing or austistic customers.

2020 progress at British Airways:

- Won first prize in the first global IATA Accessibility hackathon in March 2020, with a customer-focussed Access key design which is in a prototype stage;
- Affirmed its commitment to the Disability Confident scheme and were successful in retaining Level 2 status;
- The Global Call Centre Accessibility team became invaluable in reassuring customers answering queries and ensuring all booking details are sorted prior to travel. At the same time there were improvements on ba.com to simplify information and ensure it was accessible in all formats. Sign Live is being introduced into call centres to support deaf customers in the booking process;
- A new digital guide was produced for cabin crew to help them to understand the challenges that customers face when they travel, and to ensure that they can respond to individual needs;
- Became part of the IATA Accessibility working group to share learning with other airlines and establish best practice; and
- Work was undertaken to map a new reasonable adjustment process for employees. This work is expected to continue in 2021.

The employee and customer accessibility strategies work in conjunction by ensuring front-line employees, such as cabin crew, are trained in disability awareness. This training a particular focus on hidden disabilities.

Iberia is constantly reviewing its processes to care for people with special needs. All processes go through inspections by AESA. In 2020, the Iberia website was updated with improvements to help to facilitate the booking experience of customers with special needs. Iberia was awarded a certificate of compliance with web content accessibility guidelines established by the W3C (World Wide Web Consortium), achieving AA level.

Aer Lingus continually monitors all web content and services to ensure alignment with level AA of the Web Content Accessibility Guidelines.

Vueling began improving its booking website to make it easier for visually disabled people to use. Changes included a new accessibility section, new page design, more time to book, and an improved email confirmation process.

Impact of the Company's activity on employment and local development

IAG sees work experience as a valuable way of supporting local employment, by engaging young people with IAG's business and preparing them for potential careers in aviation.

During the COVID-19 pandemic a number of existing programmes have been paused but British Airways had the following initiatives:

- Between January to March, attending school events and engaging 13,000 students. A total of 107,717 students have been engaged in the Inspire work experience programme since it started;
- Between January to March, hosting 125 work experience placements, with over 3,700 mentoring hours provided. 50 per cent of students were BAME or other non-white ethnicity; and
- During the pandemic, continuing to promote the Speedbird-Z online learning platform in partnership with My Kinda Future, attracting over 3,300 users both from the UK and internationally. 50 per cent of users were BAME or other non-white ethnicity, and 48 per cent were female. This online platform allowed students to complete learning modules about aviation and employability, and chat to digital mentors from the airline.

Aer Lingus also launched its first cybersecurity apprenticeship programme.

The Iberia "Quiero ser" program, to attract and promote female careers in the aviation industry, has been postponed to 2021 due to the pandemic.

Consumer relationship management

GRI 102-43, 103-2

Claims systems and complaints

IAG airline customers are able to provide feedback and details of complaints in multiple ways, including via IAG airline websites, by mail, or by phoning customer contact centres. The types of customer complaint received vary significantly but typically relate to delays and cancellations, baggage, journey experience, bookings and reservations. To handle customer complaints, IAG airlines have dedicated customer relations teams who are specially trained to deliver excellent customer service and resolve issues quickly and in a satisfactory manner. Through their complaint systems, IAG airlines actively track and monitor resolution of customer complaints using metrics including the time between a complaint being received and the first communication provided back to the customer, or the number of cases raised that have been successfully closed.

In 2020, across the IAG airlines, an average of 6.5 complaints were received per 1,000 flown passengers, compared to an average of 3.2 complaints received per 1,000 flown passengers in 2019. The ratio of complaints received in 2020 was negatively impacted by the disruption caused due to the COVID-19 pandemic, and further exacerbated by the significant consequential reduction in passenger volumes.

All IAG airlines also provide facilities for customers to exercise their rights to claim compensation under Regulation (EC) No 261/2004 of the European Parliament and of the Council of February 11, 2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights. Customers are additionally able to use the IAG airline contact channels to submit claims for financial compensation relating to baggage incidents and other out of pocket expenses, which are assessed and resolved by IAG's customer relations teams.

C.8. Public subsidies and tax information

Public subsidies received

GRI 201-4

During the year to December 31, 2020, in addition to EU Emissions Trading Scheme (EU ETS) allowances granted at zero cost, Group public subsidies amounted to €474 million (2019: €94 million). The majority of the public subsidies received related to furlough and job retention schemes in the UK and Ireland, for British Airways and Aer Lingus respectively.

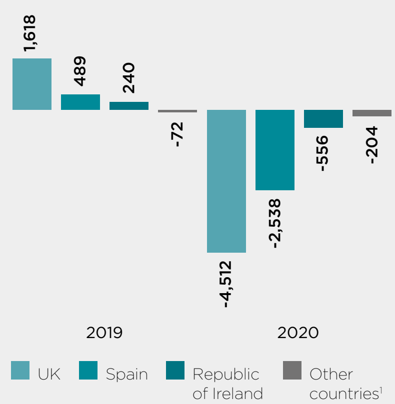
Operating companies in the Group receive some EU ETS emission allowances at zero cost and purchase the remainder in the EU ETS market. In addition to COVID-19 related public subsidies, the €474 million includes €122 million relating to the value of allowances at zero cost in 2020. EU ETS allowances were valued at the December 31, 2020 carbon market prices.

For the year to December 31, 2019, the substantial majority of public subsidies were related to EU ETS allowances issued at zero cost to the operating companies in the Group. These were valued at December 31, 2019 carbon market prices.

The Group has also received government assistance, which is not considered as public subsidies in accordance with International Financial Reporting Standards and is therefore not included in the amount above, for the following:

- Iberia and Vueling both benefited from the Temporary Redundancy Plan (ERTE) that the government of Spain implemented in March 2020. Under this scheme, employment is temporarily suspended and designated employees are paid directly by the government. Therefore, there is no remittance made to the Group.
- The Group benefitted from a number of financial facilities supported by national governments of the jurisdictions in which the operating companies principally operate. These include the UK's Coronavirus Corporate Finance Facility (CCFF), Spain's Instituto de Crédito Oficial (ICO) and Ireland's Strategic Investment Fund (ISIF).

Profits obtained per country, taxes paid on profits



Accounting profit/loss before tax

€ million

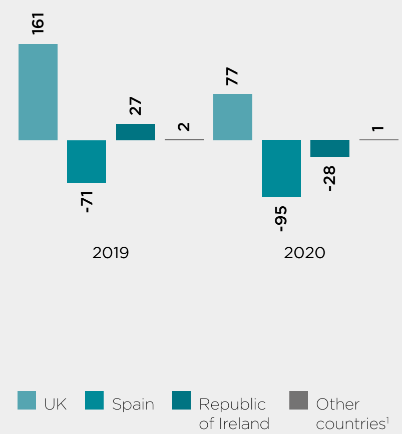
GRI 207-4

Description

Profits by country – the Group's consolidated accounting profit for the year split by country in which it is taxable.

Commentary

The decrease in profits taxable in our main countries of operation in 2020 reflects losses arising due to the global outbreak of COVID-19, which has had a material impact on the global airline and travel sectors.



Income tax paid

€ million

GRI 207-4

Description

Taxes paid by country – the Group's consolidated cash tax payments for the year split by country in which they were made.

Commentary

The total net tax receipt of €45 million reflects refunds of corporate income taxes in respect of prior year tax paid in Ireland and Spain. A refund of UK corporation tax was net off against other tax payables during the year and is therefore not reflected in this amount. The UK offset against other taxes partly explains why the tax receipts of €45 million are lower than the expected tax credit for the Group of €887 million, however this difference is primarily because tax repayments for losses are not based on accounting profits and losses, instead repayment of much of the accounting credit will be delayed until future taxable profits arise.

The decrease in taxes paid by country in our main countries of operation in 2020 reflects the tax losses arising due to the global outbreak of COVID-19.

1 "Other" comprises Austria, Belgium, Bermuda, Colombia, Costa Rica, Dominican Republic, France, Germany, Guatemala, Honduras, Hong Kong, India, Isle Of Man, Italy, Japan, Jersey, Maldives, Mexico, Netherlands, Nicaragua, Peru, Philippines, Poland, Puerto Rico, Senegal, Singapore, South Africa, Sweden, Switzerland and United States.

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Note: (F) means fully compliant, (P) means partially compliant. (1) means internal framework: see the specific methodology used in corresponding pages. (2) difference between men's and women's median pay, divided by men's median pay.

Area	Reporting criteria/ GRI standard	NFIS page ref
Pollution		
Measures to prevent, reduce or repair emissions (including noise and light pollution)	GRI 103-2 (P), 305-7 (P), (1), light pollution not material	Pg 5, 22, 26-27
Circular economy and waste prevention and management		
Measures related to prevention, recycling, reuse and other form of waste recovery and disposal	GRI 306 - Waste 2020: 306-1 (P), 306-2 (P), 306-3 (P)	Pg 25, 26
Actions to avoid food waste	GRI 103-2 (P)	Pg 25, 27
Sustainable use of resources		
Water consumption	GRI 303-3 (P)	Pg 46
Raw materials consumption	GRI 301-1 (F)	Pg 22, 46
Direct and indirect energy consumption	GRI 302-1 (F)	Pg 22, 46
Measures to improve energy efficiency	GRI 103-2 (P), 305-5 (F)	Pg 23, 24
Use of renewable energy	GRI 302-1 (P)	Pg 20, 21, 46
Climate change		
Relevant aspects regarding greenhouse gas emissions (GHG)	GRI 305-1 (F), 305-2 (F), 305-3 (F), 305-4 (F)	Pg 20
Measures to adapt to climate change	GRI 103-2 (P)	Pg 10-16
Objective related to GHG reduction	GRI 103-2 (P), 305-5 (F)	Pg 22, 23
Biodiversity		
Measures to preserve or restore biodiversity	Not material	Pg 5
Respect for human rights		
Management approach		
Description of the applicable policies and the result of these policies	GRI 102-16 (F), 103-2 (P)	Pg 30
Main risks related to these issues	GRI 102-15 (P)	Pg 30
Specific contents		
Implementation of human rights due diligence procedures	GRI 103-2 (P)	Pg 30
Measures to prevent and manage potential human rights abuses	GRI 103-2 (P), 102-17 (F)	Pg 30
Reported cases of human rights violations	GRI 103-2 (P)	Pg 30
Promotion and compliance with ILO´s provisions	GRI 103-2 (P)	Pg 28
Elimination of forced or compulsory labour	GRI 409-1 (P)	Pg 28
Effective abolition of child labour	GRI 408-1 (P)	Pg 28
Anti-corruption and bribery matters		
Management approach		
Description of the applicable policies and the result of these policies	GRI 103-2 (P)	Pg 9
Main risks related to these issues	GRI 102-15 (F)	Pg 9, 42
Specific contents		
Measures to prevent corruption and bribery	GRI 205-1 (P), 205-2 (P), 205-3 (P)	Pg 9
Measures to prevent money-laundering	GRI 103-2 (P), 102-16 (F), 102-17 (F)	Pg 9
Contributions to not-for-profit organisations	GRI 201-1 (P), (1)	Pg 30
Other information on the Company		
Management approach		
Description of the applicable policies and the result of these policies	GRI 103-2 (P)	Pg 34, 35
Main risks related to these issues	GRI 102-15 (P)	Pg 35-42
Commitment to sustainable development		
Impact of the Company's activities on employment and local development	GRI 103-2 (P)	Pg 56
Impact of the Company's activities on local populations and territories	GRI 103-2 (P), (1)	Pg 56
Relations with actors in the local communities and forms of engagement with them	GRI 102-43 (P), 102-44 (P)	Pg 17, 18
Partnership or sponsorship actions	GRI 103-2 (P), 102-13 (F)	Pg 17, 18, 30
Sustainable supply chain management		
Inclusion of social, gender equality and environmental issues in the procurement policy	GRI 308-2 (P), 414-2 (P), (1)	Pg 8
Consideration of suppliers' and subcontractors' social and environmental responsibility in relations with them	GRI 308-2 (P), 414-2 (P), (1)	Pg 8
Supervision and audit systems	GRI 308-2 (P), 414-2 (P), (1)	Pg 8
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