

CORPORATE  
RESPONSABILITY  
REPORT  
**2014**



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# 1. | Strategy and Analysis

## 1.1. EXECUTIVE CHAIRMAN'S STATEMENT

As in previous years, I am pleased to present our Corporate Responsibility Report outlining our main achievements in 2014.

Iberia has been turned around in record time from sustaining hefty losses to making a profit; from living in conflict to presenting one of the best operations in the world; from closing routes that were running at a loss to opening new and old destinations; from an old image and an old-time culture to a modern, renovated brand and style. The most effective, lasting changes in that transformation were made in 2014.

In the first quarter of the year the company Management and representatives of all the employee groups signed agreements that are the mainstay of many of Iberia's achievements this year. The agreements with the unions to change the cost base permanently made it possible to resume routes that had previously been suspended and open up new routes (21 in total, between those started up in 2014 and those commencing the following year).

During 2014 we implemented the Future Plan, a number of initiatives designed to continue with the profound transformation of Iberia, which directly affected our stakeholders.

As a result of the agreements to reduce costs, the initiatives of the Future Plan and the commitment of the entire workforce to overcome the difficulties of the past, not only is Iberia back in the black; the foundations have been laid for a sustainable company able to grow profitably in the future, which is its principal strategic goal.

In 2014 Iberia received five new aircraft and placed a new order for 16 long-haul aircraft with technology to optimise fuel consumption and, therefore, being as efficient as possible to reduce greenhouse gas emissions.



Luis Gallego  
Executive Chairman

In the area of environment and reduction of emissions, in 2014 Iberia was also the first Spanish company to collaborate in measuring air quality within the international project IAGOS.

Iberia is one of the most punctual airlines in the world and topped this ranking in June, August, October and December when over 90 per cent of its flights were on time. Thanks to its punctuality, service attitude, new long-haul product and new brand image, the company's quality and recommendation indexes rose to record levels.

During 2014 we continued adapting our fleet to install the new long-haul product: new seats, which in business class convert into totally flat beds; individual entertainment for all customers; and in-flight Wi-Fi and connectivity are just a few of the features.

The handling division, Iberia Airport Services, has been getting ready all year to opt for the handling licences at Spanish airports. Thanks to the agreement reached with the ground staff unions, it has been able to submit competitive bids in all the tenders.

The productivity agreements are particularly important in the MRO division, establishing measures to secure greater flexibility and polyvalence, which are fundamental for competing on an increasingly more complex market. In 2014, Iberia Maintenance obtained the licence for maintenance of the V2500 engines, one of the most widely used in the world, and undertook the remodelling of Iberia's A340-600, both processes extremely specialised.

Innovation was prominent in 2014: the first aircraft with "Sharklets", "MyBagTag", the mobile boarding card and the Electronic Flight Bag are major projects reflected in this report.

Despite its financial difficulties, Iberia has never overlooked its commitment to society and has continued to collaborate actively in numerous social and solidarity projects. Iberia's agreement with Amadeus and UNICEF is worthy of special mention; through this agreement Iberia customers have donated over 200,000 euros that have been spent on the vaccination programme in Chad and helped to protect the lives of 600,000 children.

This year we have brought this Report in line with the highest international standard, GRI 4 (G4). I trust that our readers will find it interesting and useful. We are at your disposal through all the communication channels available to answer any queries you may have or provide any further information you may require.

”

I am a vital spirit rising. I am driven by a boundless capacity to invent and re-invent myself. Since my very origins as well as forevermore, I represent a bridge to bring worlds together... and expand people's horizons.

I have seen the sun and the moon rise and set on the same day.

I have seen entire nations awaken, and great men sleep like babies.

I have been a part of projects that reach great heights, and I have seen simple human dreams take flight.

I have indeed seen many things, but today, I want you to see much more than ever before.

Today, I am more alive and vital than ever, shining with talent, full of hopes and dreams and bursting with energy. I feel a restlessness and a need to create myself anew. I need to tell people about myself and why I am how I am. I want the entire world to feel my passion.

I am movement, adventure and exchange. I am summer and winter at the same time. I always see the glass half-full... of fine wine.

I am warm and glowing. I am the experience and the experiences that you value and treasure. I am yours and I am a part of you.

I am the new Iberia: **Come feel our vital spirit.**



A350

Ven y vive una nueva experiencia

## 1.2. PRINCIPAL ACHIEVEMENTS IN 2014

The principal achievements in 2014 related directly with the sustainability of Iberia were:

### **Economic results**

In 2014 Iberia posted an operating profit of 50 million euros, contrasting with the operating loss of 166 million euros last year. This was achieved through the restructuring carried out by Iberia in all its management areas.

Iberia has made considerable progress during the year, resuming services and launching new routes. Its capacity increased by 3.6% during the year, while its revenue remained unchanged, reflecting the tough competition on the market. At the same time, Iberia reduced its employee, fuel and supplier costs, illustrating the progress of its Future Plan and its 30 initiatives in the major areas.

### **Agreements with all groups of employees**

In the first quarter of the year Company Management and the representatives of all the employee groups (ground staff, flight attendants and pilots) signed some agreements which are the mainstay of many of Iberia's achievements during the year.



For the first time in many years, all the employee groups accepted voluntarily and without mediators that sacrifices and concessions would have to be made to enable the company to face the future.

This has all been possible thanks to the consensus reached between Iberia and the union representatives over the need to continue the restructuring of the company to make it efficient and competitive, so that it can grow profitably and sustainably in the future.

### **A Future Plan to consolidate the change**

The Future Plan that Iberia launched in 2013, in continuation of the Transformation Plan, has enabled the company to post a profit in 2014. Through this Plan Iberia has reached attractive strategic positions in its key markets (especially Europe and Latin America) and laid the foundations to continue growing and making a profit in the long term.

Iberia implemented its Future Plan over 2014, consisting of 30 initiatives designed to continue with the profound transformation of the company. These initiatives are grouped around five pillars:

- Sound revenue base
- Improved competitive position
- Simpler, more flexible company
- Profitable business
- New corporate culture

After six years sustaining losses, in 2014 Iberia got back in the black.

Thanks to cost-cutting agreements, the initiatives of the Future Plan and the commitment by the entire workforce to overcome the difficulties of the past, Iberia has not only returned to a profit-making position, but has also done the groundwork for profitable growth in the future, at an average rate of 6.5% per annum up to 2020.

The results achieved with this Future Plan were the backbone for recovering routes that had been suspended in previous years and opening up new ones.



## The most punctual airline in the world

Iberia is now one of the most punctual airlines in the world, topping this ranking in June, August, October and December, when over 90% of its flights were on time. This has been achieved thanks to the efforts of many areas of the company, which have worked together to meet this important goal.

The agreements reached with employees fostered a new climate in Iberia, which also contributed to the achievement of these excellent punctuality records.

Thanks to this improvement in the service, the quality and recommendation indexes have soared to unprecedented levels.

Obtaining good punctuality records is a priority sustainability goal, owing to the importance attached by customers to this aspect. Iberia is, therefore, firmly committed to maintaining these high quality standards.

## New service model

During 2014 the company continued revamping the A340-600 to install the new long-haul product: new seats, which in business class convert into totally flat beds; individual entertainment for all customers; and in-flight Wi-Fi and connectivity are just a few of the features. The new product is currently available on 19 long-haul aircraft, the eight A330 in which it was factory installed and 11 of the 17 A340-600, eight of which were altered in 2014.

The rest will be upgraded during 2015.

” Iberia is now one of the most punctual airlines in the world, topping this ranking in June, August, October and December, when over 90% of its flights were on time

## Innovation in the limelight

Iberia has strongly upheld the importance of innovation in its products and services in 2014. During the year it started operating the first aircraft with sharklets, “fins” which increase energy efficiency and, therefore, reduce fuel consumption.

New products have also been launched for customer services and to improve their experience with Iberia. MyBagTag, the baggage label printed at home, was thus rolled out to international markets. A wearable boarding card was launched which customers can wear on their wrist and, without needing anything else, just board their flight. Wi-Fi and GSM connectivity (Global System for Mobile communications) is offered with the new product in the long-haul fleet and customers can use their electronic devices on all flights.



Iberia was the first Spanish airline to prepare aircraft cockpits so that pilots can use the Electronic Flight Bag, with which they can save paper and, in turn, fuel and improve flight safety.

### **Relations with Stakeholders – Sustainability Goals**

Within the trends on sustainability, the IBERIA Group has adapted this report to the highest standard, Global Reporting Initiative G4. This adaptation has entailed an analysis and review of our relations with stakeholders, focused on identifying the channels and information available to find out what aspects of Corporate Responsibility (CR) are most important for them.

Iberia will continue working with the IAG Group over 2015 and the following years to define the reporting model that best suits the different stakeholders and to comply with the aspects of Corporate Responsibility included in the new Corporate Governance codes.

With regard to the sustainability goals, the company is committed to combatting climate change by reducing greenhouse gas emissions and enhancing energy efficiency. It also collaborates with government authorities and sector associations with a view to reaching a global agreement on the reduction of emissions affecting climate change.

Proof of this is the company's investment in new aircraft for its short, medium and long-haul fleets, incorporating several A330-200 and A350-900 over the period 2016-2018.



## 2. | Profile of the Organisation



### 2.1. BRAND VALUES

The renovation of our brand at the end of 2013 reflects a profound change in the company. Iberia is changing to make flying with us a unique experience. However, we maintain our fundamental values, which are evident in **what we do** and **how we do it**:

#### **Rapport**

In the sense of:

Natural **connection** with the Hispanic world we claim as our own and our distinguishing feature based on our country of origin, history and legacy in common with millions of people.

Our linguistic and cultural **similarity** with them and the empathy between us, always working in a team and recognising people's value.

The close, emotional **ties** in our manner of expression, our way of living and feeling things, which is important in both a Latin and European context.

## Drive

In the sense of:

The charismatic **vitality** and dynamism that lead us to invent and reinvent ourselves, adapting to change in order to achieve continuous improvement.

The **passion** behind our eagerness to excel ourselves and be successful, constantly seeking excellence in management to go one step further.

The **ability** to channel resources and focus efforts efficiently and effectively to achieve goals, create value and consolidate our leadership, as a company and a leading brand in our sector.

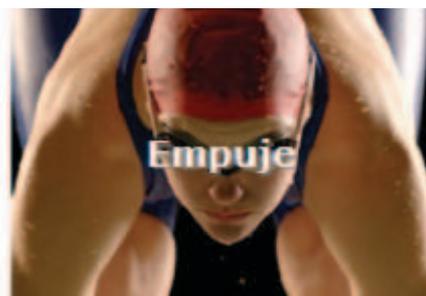
## Talent

In the sense of:

The **ingenuity** that we apply to find innovating, important solutions using our creativeness and imagination.

The **professionalism** that is recognised and valued in all market research, which we encourage through our training, self-training and continuous development of high quality human resources.

Our practical, proven, experienced, **resolute spirit**, with which we display considerable expertise simply and naturally, responsibly and committed to the company.





A350-900

**IBERIA**  
MANTENIMIENTO



## 2.2. OVERVIEW OF AIR TRANSPORT OPERATIONS

Iberia is the reference airline in Spain and leader on the routes between Europe and Latin America. Together with Iberia Express (wholly-owned subsidiary) and Air Nostrum (our franchise) we fly to over one hundred destinations throughout the world.

Figures in 2014:

- 118 destinations
- 39 countries
- 214 destinations through codeshare arrangements with other airlines
- 132 aircraft
  - > 74 Iberia
  - > 17 Iberia Express
  - > 41 Air Nostrum
- 600 flights/day on average

In 2014 we commenced routes to eight new destinations: Athens, Istanbul, Amsterdam, Stockholm, Stuttgart, Hanover, Montevideo and Santo Domingo and a further 15 will be started in 2015. As from January 2014 we managed to offer 1,200 new connections a week from the T4 hub at Madrid-Barajas Airport by reducing the minimum connection time between the company's flights by 10 minutes. We continue to design and improve connectivity and the flight schedule, based on the simulation of network models and competition scenarios.

Iberia is thus consolidated even more as the reference airline in Madrid to link the capital up with new, attractive markets. During 2014 Iberia also placed a new order for aircraft for its long-haul fleet: eight new generation A350-900 and a further eight A330-200, which it will receive between 2015 and 2020 to progressively replace the A340. Over the year, it received 5 new aircraft, three A330-300 and two A320, the latter outstanding from earlier orders.

This fleet renovation confirms that Iberia's restructuring is still having a positive impact, which will enable us to continue investing in the future.



### **IN 2014 WE MADE 2000 CHARTER FLIGHTS WITH 120,000 PASSENGERS**

Parallel to our scheduled flight programme, we also fly numerous charter flights. Just in 2014, we carried 120,000 passengers and our charter operations exceeded 2,000 take-offs and landings, 20% more than in 2013.

All our charter flights are tailored to the needs of our customers, most of whom are cruise passengers, which account for 44% of the total, and a further 22% are sports teams.

Our principal destinations in Europe were Venice, Malmö, Copenhagen, Istanbul and Trondheim.

Possibly one of the least known parts of our operation is the vast amount of work by many areas which begin with management of the Charter and Special Segments area of the Sales Management in Spain.

### **75 YEARS FLYING TO LISBON**

On 1 May 2014 Iberia celebrated the 75th anniversary of its flights between Madrid and Lisbon. At present, the Iberia Group offers five daily flights between Madrid and Lisbon, and a further four flights a day between Madrid and Oporto. Both Portuguese destinations connect up with the other 32 destinations of the Iberia Group in Spain and the rest of the international destinations in its network.

In the summer of 2015 Iberia will also offer direct flights to Funchal, and its franchise, Iberia Regional Air Nostrum, to Faro.

The company made a special offer of flights from Spain to Lisbon to celebrate this significant date.

### **AGREEMENT BETWEEN IBERIA AND TURESPAÑA TO PROMOTE THE IMAGE OF SPAIN ABROAD**

In 2014 the Executive Chairman of Iberia and the Secretary of State for Tourism signed a collaboration agreement to promote Spain's image abroad.



The actions contemplated in that agreement included joint marketing in different foreign markets, the sponsorship of events aiming to boost 'Marca España' (the Spain Brand) and Iberia's participation in the principal tourism trade fairs. Another important feature of the agreement is the promotion of Spain in the United States and Latin America, since the number of tourists visiting Spain from these markets is growing strongly and there is huge potential for further growth.

### **IBERIA AND INTERJET WILL LINK 80 EUROPEAN CITIES WITH 24 DESTINATIONS IN MEXICO**

In June 2014 the executive chairmen of the Spanish airline Iberia and the Mexican airline Interjet signed an extensive codeshare agreement, thanks to which Iberia connects its 80 destinations in Spain, Europe, Africa and the Near East initially with 24 destinations in Mexico, which number could be raised to 36.

This agreement, which does not entail any investment by the airlines but is a strategic alliance for the benefit of their customers, is proof of the commitment of both airlines to increase the flow of tourism and trade between their respective countries.



### **WE SIGNED A CODESHARE AGREEMENT WITH TAM IN BRAZIL AND EUROPE**

Iberia and the Brazilian airline TAM reached an agreement in 2014 to offer their customers flights under codeshare arrangements in both Brazil and Europe. The agreement includes 10 destinations in Brazil, to which Iberia customers may continue their journeys from Río de Janeiro and Sao Paulo, while TAM customers can fly from Madrid to another 9 destinations in Europe.

This codeshare agreement also strengthens relations between Iberia and TAM. They are both members of Oneworld, which the Brazilian airline joined in April 2014, and offer reciprocal benefits in their frequent flyer programmes.

### **IBERIA AND LAN COLOMBIA SIGN A CODESHARE AGREEMENT**

As part of the Iberia-LAN Colombia strategy and as partners within the Oneworld alliance, in 2014 these two airlines signed a codeshare agreement whereby Iberia sells tickets for flights operated by LAN Colombia through its own sales channels and using its own code.

Iberia has codeshare agreements with the airlines in the LATAM Group in Chile, Ecuador and Peru, now joined by Colombia, whereby the customers of both groups are offered access to a network of over 150 destinations on both sides of the Atlantic.

### 2.3. OVERVIEW OF AIRPORT SERVICES OPERATIONS

Iberia Airport Services, with over 85 years of experience, is Iberia's handling division. It is currently the leading handling firm in Spain and one of the most important in Europe.

Its services consist of:

- **Passenger:** Services for customers of the airlines using the airport, provided by staff focusing on excellence and with a great spirit of service.
- **Ramp:** Handling services with technology enabling us to guarantee maximum punctuality.
- **Operations and cargo:** Handling of flight dispatch and goods transportation operations.

Figures in 2014:

- handling services at 41 domestic airports
- 320,000 aircraft handled
- 200 companies as customers
- 7,800 items of handling equipment
- handling of 73 million passengers
- 35,000 cases handled daily
- Accompanying of almost 100,000 minors travelling alone

Iberia Airport Services' experience as a handling company gives it unique ramp efficiency and security.

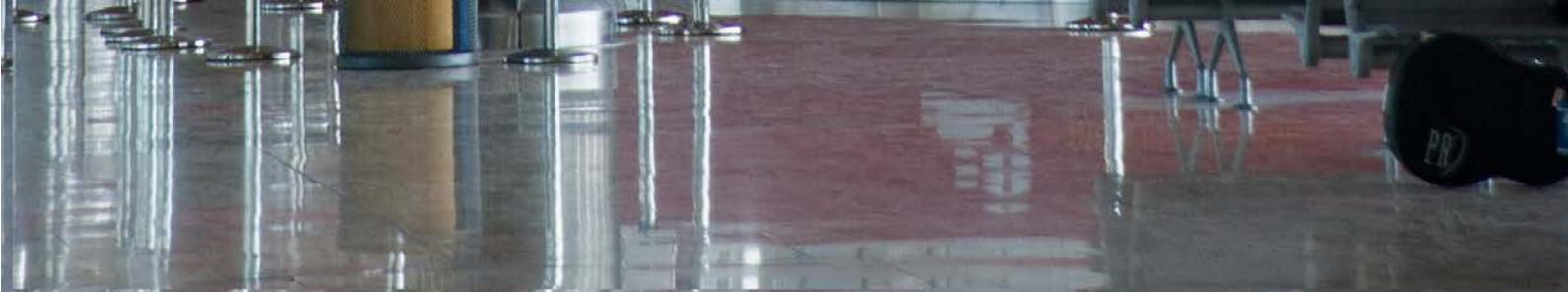
Customers renewed their trust in Iberia during 2014. Renewals were signed with Czech Airlines, Aer Lingus, Egyptair, Qatar Airways, Air Berlin, Norwegian, TAP and Lufthansa and two new customers were gained, Ethiopian and Pullmantur. Another of our customers, LAN, expressed its recognition of our good work by choosing Madrid as its best international station.

Part of the vehicle park and ground equipment was also renovated during the year and repainted with the new livery.

For its cargo operations, Iberia Airport Services has state-of-the-art cargo terminals fitted with the best automatic classification systems, which makes it a benchmark on both a national and international level.



K72 K74



## **IBERIA BIDS FOR THE HANDLING LICENCES AT THE MAJOR AIRPORTS**

At the beginning of 2014 Iberia handed in at the AENA headquarters all the documents required to opt for the handling licences at the 22 airports with fewer than one million passengers a year and at the end of the year it did the same for the 19 airports with more than one million passengers a year.

The agreement reached with the Iberia ground staff unions, which entailed an effort by its employees, enabled the airline to submit very competitive bids for all the tenders.

Iberia hopes to continue as the leading airport services provider, offering a quality service at competitive prices.



## **IN MALAGA WE HANDLED ALMOST 3,000 PASSENGERS FROM THE CARNIVAL SHIP "VENTURE"**

In just five hours, Iberia Airport Services handled at Malaga port and airport almost 3,000 passengers from the Carnival ship "Venture". In an unprecedented operation in Spain, requiring coordination between Malaga port and airport, the cruise passengers were able to "check in their baggage" from the ship.

This proved the interest of Iberia Airport Services in adjusting to customers' needs, constantly innovating the services it offers.

## **IBERIA AIRPORT SERVICES RENOVATES ITS GROUND HANDLING EQUIPMENT**

In 2014, Iberia Airport Services purchased almost 300 dollies, equipment used for transporting baggage and cargo containers. It also added new platforms to

facilitate loading the cargo on board the aircraft; buses for transporting passengers; conveyor belts for baggage and ancillary engines used to supply electricity and air conditioning to the aircraft when the aircraft engines are turned off.



In addition to over 80 years' experience in the sector, the main strengths of Iberia Airport Services are its ability to adapt to all kinds of airlines and operations—from handling of cargo aircraft to special operations for cruises—, its capacity—human and equipment—to solve contingencies and its flexibility to handle a whole range of customers, from companies running executive flights to large airlines.

## BARAJAS RECEIVES A-CDM CERTIFICATE



Last year the Adolfo Suárez Madrid-Barajas Airport received the Certificate issued by Eurocontrol, certifying it as the twelfth European CDM airport. A-CDM (Airport Collaborative Decision Making) is a European project aiming to improve the handling of air traffic and airport capacity.

A-CDM was implemented at Barajas within the Agora Project as an initiative to enhance punctuality and is a significant example of the strategic collaboration commitment between AENA and Iberia.

It is based on collaboration of the main players involved in the operations: airlines, air navigation, Eurocontrol (CFMU), handling and airports, so that they can all share up-to-date, precise information. Through joint decision-making, based on the sharing of information by the different players involved in the operation, it will be possible to anticipate flight events and minimise the unforeseen circumstances that might cause delays.



## **2.4.** **OVERVIEW MRO** **OPERATIONS**

Iberia Maintenance is the Iberia division responsible for the overhaul and repair of aircraft, engines and parts, of both Iberia and around a hundred other customers around the world. It is also the ninth maintenance firm in the world and the largest in Spain in terms of revenue and headcount, as well as repair, high technology and modification of aircraft.

With almost 80 years' experience in Iberia and third-party fleets, Iberia Maintenance constantly seeks the best solution to help its customers to minimise not only their costs, but also the efforts they invest in the management of aircraft, engine and part MRO.

Iberia Maintenance provides a service tailored to the needs and budget of each customer. Almost 4,000 engineers and experts combine their extensive experience and a broad array of MRO services and options, from simple to very complex solutions.

Behind each maintenance service in Iberia there are hundreds of hours spent on improving processes, increasing efficiency and effectiveness and reducing the costs of logistics, engineering and management.

In a constantly changing aircraft market and scenario and with the globalisation of the aircraft maintenance industry, Iberia Maintenance continually updates its technical and management services, gearing them to the development of specific solutions that help to define maintenance plans as efficiently as possible.

Iberia Maintenance is entirely dedicated to keeping its aircraft in the air, where they really belong.

Figures in 2014:

- Engines: 171 inductions
- Overhauls: around 1,000 A & C overhauls
- Parts: Repair of 62,580 aircraft parts
- Aircraft Maintenance. Iberia provides maintenance services at:

28 Spanish airports  
7 airports in the rest of Europe  
3 airports in Africa  
12 airports in America

Certificates issued by the most important international aviation authorities, such as EASA (European Aviation Safety Agency), the US Federal Aviation Administration (FAA) and numerous national aviation authorities.

Iberia provides MRO services for aircraft, engines and parts for Iberia LAE and other operators in the IAG Group, such as Iberia Express, Vueling, British Airways and Open Skies, as well as over a hundred airlines worldwide. Our principal external customers include:

- ROLLS-ROYCE PLC
- KUWAIT AIRWAYS
- EADS - CASA
- SAS TECH AB
- DHL AIRWAYS
- CHINA AIRLINES, LTD

**TUBO PROJECT**

Iberia Maintenance has launched programmes to improve processes in its production models, such as the TUBO project in the Engine Workshop, which re-defines the production model; optimisation of task planning through the “Critical Chain” model in major maintenance operations and some workshops; restructuring of working areas in Open Plan; optimisation of the use of vehicles; and the reassignment of employees according to workloads thanks to their polyvalence, through which the company achieves greater productivity and flexibility to take on additional work from third parties at its aircraft maintenance facilities and, above all, without affecting the airline’s Production Plan. New training programmes and policies have also helped to enhance productivity and efficiency.

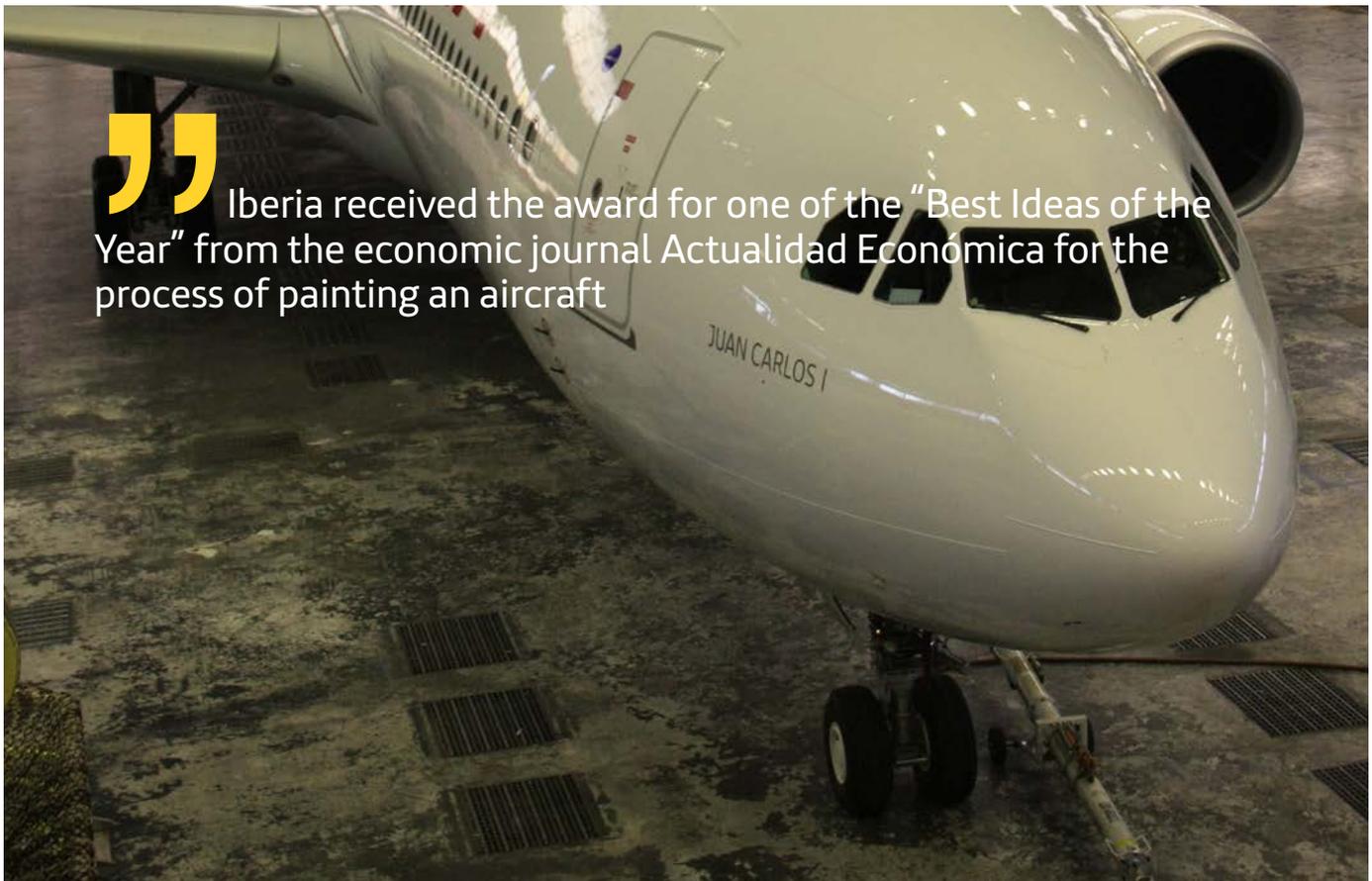
**AESA LICENCE FOR MAINTENANCE OF V2500 ENGINES**

In March 2014 Iberia obtained approval from AESA (Spanish Aviation Safety Agency) to undertake maintenance of the IAE V2500 engines installed in the Airbus A320 and MD90 aircraft. This licence authorises the company to do that work under European (EASA) and US (FAA) aviation regulations.

This is a landmark for Iberia and its Maintenance Division because it confirms the company’s Engine Workshop as one of the most important repair centres in Europe.

The company is already building up a portfolio of customers for V2500 engines, which will include both agreements with other airlines and collaboration agreements with other V2500 repair centres.





” Iberia received the award for one of the “Best Ideas of the Year” from the economic journal Actualidad Económica for the process of painting an aircraft

### THE FIRST FT8 ENGINE REPAIRED BY IBERIA MAINTENANCE LEAVES THE IBERIA WORKSHOP

In April 2014 the Iberia Maintenance division undertook the maintenance and repair of a FT8 engine for the first time, to be used to supply electricity to the Island of Menorca.

The Iberia Maintenance and Engineering division is currently the only firm qualified for the maintenance of this type of industrial turbines in Europe, the Middle East and Africa, rolling out its experience and expertise in the aviation sector to electric utilities.

### “BEST IDEAS OF THE YEAR” AWARD

Iberia received the award for one of the “Best Ideas of the Year” from the economic journal Actualidad Económica for the process of painting an aircraft.

Painting an aircraft normally takes around 380 litres of paint and 1,500 hours of work. Thanks to the new system incorporated by Iberia, just one coat of paint is applied, so the aircraft is lighter, consumes less fuel and emits less CO<sub>2</sub>.

**2.5. IBERIA EXPRESS**

Iberia Express is an airline based in Madrid operating short and medium-haul flights. The airline began operating in March 2012 and since then it has secured a place among the first four airlines at Barajas, with over 8 million passengers and 64,000 flights in its two-year history. In 2014 Iberia Express was the most punctual low-cost airline in the world, according to the study made by the consultancy FlightStats.

The airline –wholly owned by Iberia– competes efficiently and sustainably in an increasingly more complex market. Iberia Express contributes profitable direct and connecting flights to the Group, thus supporting Iberia’s long-haul growth.

Through Iberia Express the Iberia Group is able to offer its customers more economic prices with the same level of service quality and experience as the leading airline in Spain. Passengers thus enjoy the same benefits as they have by flying with Iberia: flying to major airports, Iberia Plus programme, VIP lounges, in-flight service, Business class, multiple frequencies, connections to over 200 destinations and the security offered by the company’s maintenance, recognised as one of the best in the world.

**2.6. IAG**

International Airlines Group is one of the largest airline groups in the world, with 464 aircraft operating 243 destinations and carrying around 77.3 million passengers every year. It is the third largest group in Europe and sixth in the world in terms of revenue.

Created in January 2011, IAG is the parent company of British Airways, Iberia and Vueling, as well as other companies in the Group. IAG combines the leading airlines in the United Kingdom and Spain, so that they can extend their presence in the aviation industry while keeping their own brands and operations. The airline customers benefit from a larger combined network for passengers and air cargo and from the companies’ increased capacity to invest in new products and services thanks to their greater financial strength.



The airline sector is gradually moving towards consolidation, although certain regulatory constraints still prevail. The business mission of IAG is to play an important role in the future consolidation of the industry, on a regional and global scale.

#### What does IAG get out of Iberia?

- Firm leadership in the South Atlantic
- High growth potential
- Strong cash contributor
- Interchange of best practices to optimise costs

#### What does Iberia get out of IAG?

- Financial strength
- Fleet renewal opportunities
- Greater strategic importance
- Benefits from cost and revenue synergies



BA is a global airline offering integral services, with a vast global network of routes which fly to and from airports situated in central locations. It is the largest international airline in the United Kingdom in terms of fleet size, international flights and international destinations and one of the leading premium transport companies in the world.

Its principal operations base is currently at Heathrow Airport in London, the busiest international airport in the world, and flies to over 170 destinations in 70 countries. The company has a fleet of more than 280 aircraft, including A380 and 787, and carries more than 40 million passengers a year.



## vueling

This airline started operating ten years ago with a fleet of two A320, four routes and the aim of offering an excellent service to customers at competitive prices.

The company joined the IAG Group in early 2014 and now flies to 131 cities in 38 countries in Europe, North Africa and the Near East and has a fleet of 90 aircraft and 21 operational bases.



## IAG Cargo

IAG Cargo is the group's air cargo company, designed around the current and future needs of companies throughout the world. It was set up in April 2011 through the amalgamation of Iberia Cargo and British Airways World Cargo, providing customers with access to a unique sales force.

The customers of IAG Cargo benefit from one of the most extensive and diverse global networks with over 350 destinations, including the 120 most important airports in the world for air cargo. It also has a unique portfolio of products, which has been enlarged and integrated, covering the entire network of destinations. Consequently, customers now have a broader array of high quality, specialised products throughout the world and can expect constant service quality wherever they are.



### 2.7. CORPORATE RESPONSIBILITY POLICY

Iberia regularly updates its Corporate Responsibility (CR) management framework to tailor it to current trends and keep abreast of current strategic guidelines.

The Corporate Responsibility Framework agreed by all the management areas involved consists of:

- Concept, Policy, Stakeholders and International Standards.

## Corporate Responsibility Concept:

In Iberia, Corporate Responsibility is shared commitment to create economic and social value, respecting the environment and taking stakeholders' expectations into account at all times.

All the areas of Iberia are aware of their role in the development of these duties in their daily activity:

Directorate	Area	Responsibility
Commercial	Customer experience	Direct contact with <b>Customers</b> . Managing the quality of service.
	Marketing	<b>Customer</b> service design. Management of publicity and brand.
Production	Operational quality	Operational safety and quality for <b>Customers</b> .
	Flight service and operations	Direct Relation with <b>Customers</b> in-flight.
Airport Services	National and international airports	Direct contact with <b>Customers</b> at airports (passenger and assisted companies).
Technical	Aircraft maintenance	Direct contact with <b>Customers</b> in the work of maintenance of aircraft and engines (Iberia and assisted Companies).
Strategic Planning and Finance	Strategic planning	Management and development of corporate strategy.
	Management Control and Administration	Internal control systems of financial information. Reporting to <b>Shareholders</b> .
	Purchasing and fleet	Direct contact with Providers.
	Innovation	Project management research and development.
Communication and Institutional Relations	External and Internal Communication	External communication systems ( <b>Customers, Interest Groups</b> ) and internal communication systems ( <b>Employees</b> ). ▼

Directorate	Area	Responsibility
Development Networks and Alliances	Alliances and aero-political issues	Relationship with <b>Regulatory bodies, Associations</b> and development of strategic alliances
Legal	Legal	Relationship with <b>Regulatory bodies</b> . Governance Coordination.
Corporate	Human Resources	Direct contact with <b>Employees</b> .
	Compliance, Corporate Risks and CSR	Coordination of Corporate Social Responsibility policy.
		Project Management of Social Action ( <b>Society</b> ).
		Design and implementation of Environmental policies.
	Anticorruption policy implementation and compliance.	
Emergency Coordination	Crisis contingency plans.	

## Corporate Responsibility Policy

Iberia acts in accordance with a set of principles that enable it to continue growing in line with the services demanded by its customers, within a framework of respect and preservation of the environment and active collaboration in welfare actions, thus contributing to the development of the societies in which it operates.

These principles are summed up in the mission, vision and values of the company, shared across the board:

**Our mission:** Iberia's mission is to offer air transport, airport and MRO services that come up to our customers' expectations and create sustainable economic and social value.

**Our vision:** Iberia aims to be leader in customer satisfaction, innovation and economic and economic and social performance:

- Perceived as leader on the domestic, European and Latin American markets
- Preferred by customers for offering the best possible value for money
- Distinguished by shareholders for its sustained returns

- Recognised for its transparency and its social and environmental commitment
- A company in which people wish to pursue their professional development

**Our values:** Iberia focuses on customers, creation of value, search for excellence in management, social commitment, importance of people, leadership, team work, constant improvement, adaptation to change, innovation and environmental protection.

**This policy is defined in the following goals:**



Maintain a position of leadership in return on assets (ROA), safety and reliability.



Obtain recognition within society for our transparency, social commitment and defence of human rights.



Apply the best environmental practices in our business activities, making a rational use of natural resources.



Respond to the major concerns of the company's stakeholders:

- Guarantee the best service for our customers in terms of quality and responsibility, respecting the protection of their rights.
- Create value for our shareholders, fostering respect for the environment and distribution of wealth.
- Support any humanitarian projects and initiatives promoted by our employees, engaging other stakeholders.
- Encourage the personal, labour and social development of our employees within a framework of equal opportunities.
- Promote sustainable development and good management practices among our suppliers and service providers.

- Work together with institutions, public administrations and other companies in the sector in any initiatives considered of interest.
- Participate in cultural, educational, sports social and economic development projects wherever we operate.



See that these goals are met, with permanent monitoring to pinpoint opportunities to further the company's continuous improvement in CR management.

### **Initiatives subscribed**

Iberia pledges its commitment to the best ethical practices and, within its Corporate Responsibility Policy, it participates in the following international initiatives, which are used as a permanent reference in their practical application throughout the Group:

- UN Global Compact: Iberia undertakes to meet the 10 principles related with human rights, labour, environment and anti-corruption, including clauses in our contracts to ensure that they are also met by all our suppliers and service providers.
- ILO Fundamental Conventions: Iberia applies their general principles, recognising the freedom of association and unions and 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.
- UN Millennium Development Goals: Iberia collaborates in the achievement of these goals through its social action. The goals are: Eradicate extreme poverty and hunger; Achieve universal primary education; Promote gender equality and empower women; Reduce child mortality; Improve maternal health; Combat HIV/AIDS, malaria and other diseases; Ensure environmental sustainability; and Foster a global partnership for development. Iberia's social actions in 2014 will be discussed in greater detail in the corresponding section of this report.

## 2.8. COMMITMENT TO QUALITY

Quality is one of Iberia's commitments to its customers, providing quality services to ensure the highest possible customer satisfaction. It is also a commitment to its employees and shareholders, guaranteeing the company's sustainability through the efficient management of key processes.

In this regard, Iberia is committed to the strictest quality standards in each of its activities.

AREA	MAIN CERTIFICATIONS	SCOPE	CERTIFYING ENTITY
IBERIA	ISO 9.001	Claims management	AENOR
	ISO 9.001	Training and knowledge management	AENOR
	ISO 9.001	Information systems	AENOR
	ISO 27.001	Information Security	AENOR
	ISO 9.001	Service in-flight	AENOR
	ISO 9.001	Infrastructure Management	AENOR
	Greenhouse Gases Verification	Flight and ground operations	AENOR
	GRI4	Corporate Responsibility Report	AENOR
	AENOR Insignia	Measuring and monitoring the quality of service	AENOR
	Madrid Excelente	Management Excellence	AENOR

AREA	MAIN CERTIFICATIONS	SCOPE	CERTIFYING ENTITY
IBERIA MAINTENANCE	Aeronautical maintenance certifications	National and international Agencies (EASA, FAA, etc.)	Competent organism
	ISO 9110 and PECAL	Overall activity maintenance	AENOR
	ISO 14.000	Environmental management in Madrid's installations	AENOR
	ISO 17.025	Metrology laboratory	ENAC
IBERIA AIRPORT SERVICES	ISO 9.001	Activity in domestic airports	AENOR
	ISO 14.000	Environmental management in national airports	AENOR



**2.9. PRIZES AND RECOGNITION RECEIVED IN 2014**



**Madrid Excelente**



In 2014 Iberia once again obtained the Madrid Excelente marking, awarded by the Community of Madrid to companies that invest in and are committed to innovation and constant improvement, social responsibility and customer satisfaction and make an

active contribution to the economic and social development of the region. It also received an award in the VIII Edition of the Madrid Excelente Prizes for Consumer Confidence.

### **Recognition from the National Transplant Organisation**

On the 25th anniversary of the National Transplant Organisation, Iberia received recognition for all the support provided by the airline to assist the work of this organisation. Over the years, the Spanish airline has carried organs on its flights, expediting their transfer and collaborating to guarantee their survival.

Iberia's collaboration was possible thanks to the high level of involvement of its employees at airports, flight attendants, pilots and all the areas involved in each organ transport operation.

### **DISFAM Prize**

Disfam is a Spanish non-profit organisation of families with dyslexic children, adults with dyslexia and professionals from different areas. Disfam is a member of the European Dyslexia Association, the Spanish Dyslexia Federation (FEDIS) and the Latin American Organisation of Specific Learning Difficulties (OIDEA).

Iberia has collaborated by providing transport for members of the Association who have travelled to Congresses on Dyslexia in South America.

In 2014, DISFAM and OIDEA awarded us a prize in gratitude for our collaboration with them. The prize was given at the VII National Congress on Dyslexia and other Specific Learning Difficulties, held in Palma de Mallorca.

### **Brand Generosity Award**

In the second edition of the Affinion Institute Brand Generosity awards, which monitor and recognise the ability of Spanish companies to add value to society and how local consumers perceive and acknowledge these attitudes, Iberia received one of the awards, among the 15 companies nominated in the different categories.

**“Control” Prize for the “Pursuing the Sun” campaign**

The campaign “Pursuing the Sun” won first prize in the spot category and second in the graphic campaign. The “Control” prizes are awarded annually for the best advertising in Spain.

**Capital Award for the Best Business Career 2014**

Luis Gallego, Executive Chairman of Iberia, was awarded the prize by Capital, the leading economic journal on the market, for the Best Business Career 2014.

According to the panel of judges, this award was granted to the Executive Chairman of Iberia in recognition of his “track record within the aviation sector, first positioning Iberia Express as one of the leading companies in the low-cost segment, and then for his professional performance at the head of Iberia, a company in which he has, over the past two years, established peace within the company, restored it to a profit-making position and obtained an improvement in quality and passenger recommendation ratings”.

**Prize to Best Airline on routes between Spain and South America**

Every year the specialist journal Agenttravel conducts a survey among almost a thousand travel agents in Spain, who indicate which are, in their opinion, the best service providers in the world in hotel accommodation, wholesaler dealers and airlines, among others.

Once again, Iberia has been elected best airline on routes between Spain and South America in the XXII Edition of the Travelranking prizes.

Iberia has traditionally been awarded these prizes since they were created, 22 years ago, and is one of the airlines that have obtained most recognitions so far.

**The Iberia stand at Fitur, the best at the Fair**

The Iberia stand was elected the best stand at the International Tourism Trade Fair (FITUR) held in Madrid in January 2014.

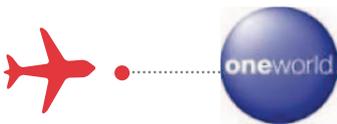
” La campaña “Persiguiendo el sol” ha sido premiada con el primer lugar en la categoría spot



The airline had a spectacular stand of 604.5 square metres at the fair, at which the new brand took the limelight. The greatest expectation was aroused by the hologram of the Business Plus seat, Iberia's business class for intercontinental flights. This seat reclines to the point of becoming a completely flat bed almost two metres long with all the comfort and one of the best entertainment systems on the market.

The company's subsidiary, Iberia Express, and franchise, Air Nostrum, also had a prominent place on the stand.

## 2.10. MEMBERSHIP OF ASSOCIATIONS



### Associations

#### Oneworld

Iberia belongs to one of the three largest airline alliances worldwide Oneworld, a leading company in its natural markets with the vocation of offering its customers a product and service meeting the highest quality standards. Oneworld, committed to quality, offers a worldwide network that combines our customers' favourite destinations, a superb travel experience focusing on making easier connections at airports and a range of benefits geared towards providing exclusive, preferential service for Business passengers and frequent flyers.

The existing members, Air Berlin, American Airlines, British Airways, Cathay Pacific, Finnair, Japan Airlines, LATAM, Malaysia Airlines, Qantas, Qatar Airways, Royal Jordanian and S7 Airlines, were joined in 2014 by TAM Airlines, US Airways and SriLankan Airlines.

TAM (Brazilian airline) and US Airways contribute almost 100 new destinations to the Oneworld network and increase its capacity by 20 per cent. With the incorporation of US Airways, recently merged with American Airlines, Oneworld has become the leading aviation alliance in the United States, the largest

aviation market in the world. Meanwhile, SriLankan Airlines has become the first company in the Indian subcontinent to join a global alliance.

**Other organisations**

Iberia is also a member of national and international air transport organisations committed to responsible development of the air industry worldwide, to respond adequately to society’s mobility requirements. In 2014 the company belonged to:

**IATA (International Air Transport Association):** This association brings together approximately 250 airlines, whose operations represent 84% of the world air traffic. Its main aim is to represent the sector internationally, promoting the simplification of operating processes, raising the quality of the service provided to passengers, lowering costs, enhancing efficiency and collaborating with airlines in safety aspects.

The 70th General Assembly of the Association was held in Doha in June 2014, at which the sector was urged to adopt a development model based on globally recognised standards. It was also acknowledged that the principal challenges



facing the sector in its second century of existence are service quality, profitability and the constraints on airport infrastructures, among others.

Iberia has participated actively in the IATA working groups on issues essentially related with the geographical areas of Europe, North America and South America.

**AEA (Association of European Airlines):** This association represents the 29 most important European airlines and was created more than 60 years ago. Over this time the Association has developed and consolidated a sound reputation for its relations with the stakeholders of the sector, the European Union and other international organisations and associations related with air transport.

The Assembly of Chairmen of the Association took place in Istanbul in October 2014, where those present recognised the importance of the role played by European network airlines in the European economy, from both an economic and a social point of view. The need was stressed for a fair regulatory framework in Europe to be able to meet fully all the needs of those using air transport.

Iberia has participated actively in the AEA working groups on issues essentially related with the quality of the service provided for passengers and environmental protection.

**ALTA:** In 2014 Iberia was also an associated member of the Latin American and Caribbean Air Transport Association.

**ALA (Association of Airlines operating in Spain):** In Spain, the company was on the ALA Management Board in 2014. This association was first registered over 50 years ago and the vast majority of the Regular Airlines operating in Spain, both national and international, are members. It currently represents over 70% of the turnover on the Spanish market. Its mission includes overseeing the safety and quality of the services provided by the airlines.

**ACETA (Association of Spanish Air Transport Companies):** Also in Spain, the company chaired the Management Board of ACETA this year.

## Alliances

Alliances play an essential role in the constant optimisation of our flight network.

They are strategic agreements through which airlines jointly operate the routes in a specific geographic region. Under these agreements all the participating airlines jointly coordinate capacity, flight times, prices, sales policies, commercial conditions, etc., which ultimately leads to greater flight options and a better commercial offer for customers. Joint Business Agreements thus benefit both the airlines and, especially, their customers, which have more flight options at more competitive prices.

The main agreements in place are:

AFFECTED MARKET	PARTNERS
MAD-LON	British Airways
Perú and Ecuador	LAN
North Atlantic	British Airways, American Airlines and Finnair

### 4TH ANNIVERSARY AND INTEGRATION OF US AIRWAYS IN THE JOINT BUSINESS

In April 2014 US Airways, which recently merged with American Airlines, was incorporated in the Joint Business set up in 2010 by Iberia, British Airways and American Airlines, joined by Finnair in 2013, to operate jointly the routes between Europe and North America.

The end of the year marked the fourth anniversary of this business arrangement, through which 88 routes, at present, are jointly operated between Europe and North America. Under the agreement, Iberia shares the revenue generated on these routes (over 11 billion US dollars) and coordinates times and prices. The Joint Business Agreement thus benefits both the participating airlines and our customers, who have more flight options at more competitive prices.

# 3. Stakeholder Participation

The company has identified, analysed and classified its different stakeholders according to their importance for achieving the company's goals and their capacity to influence or be influenced by the company.

Iberia's stakeholders are divided into the following groups:



In 2014 the stakeholders have been identified taking account of the previously existing stakeholders, changes in the regulatory framework and the best practices on the market.

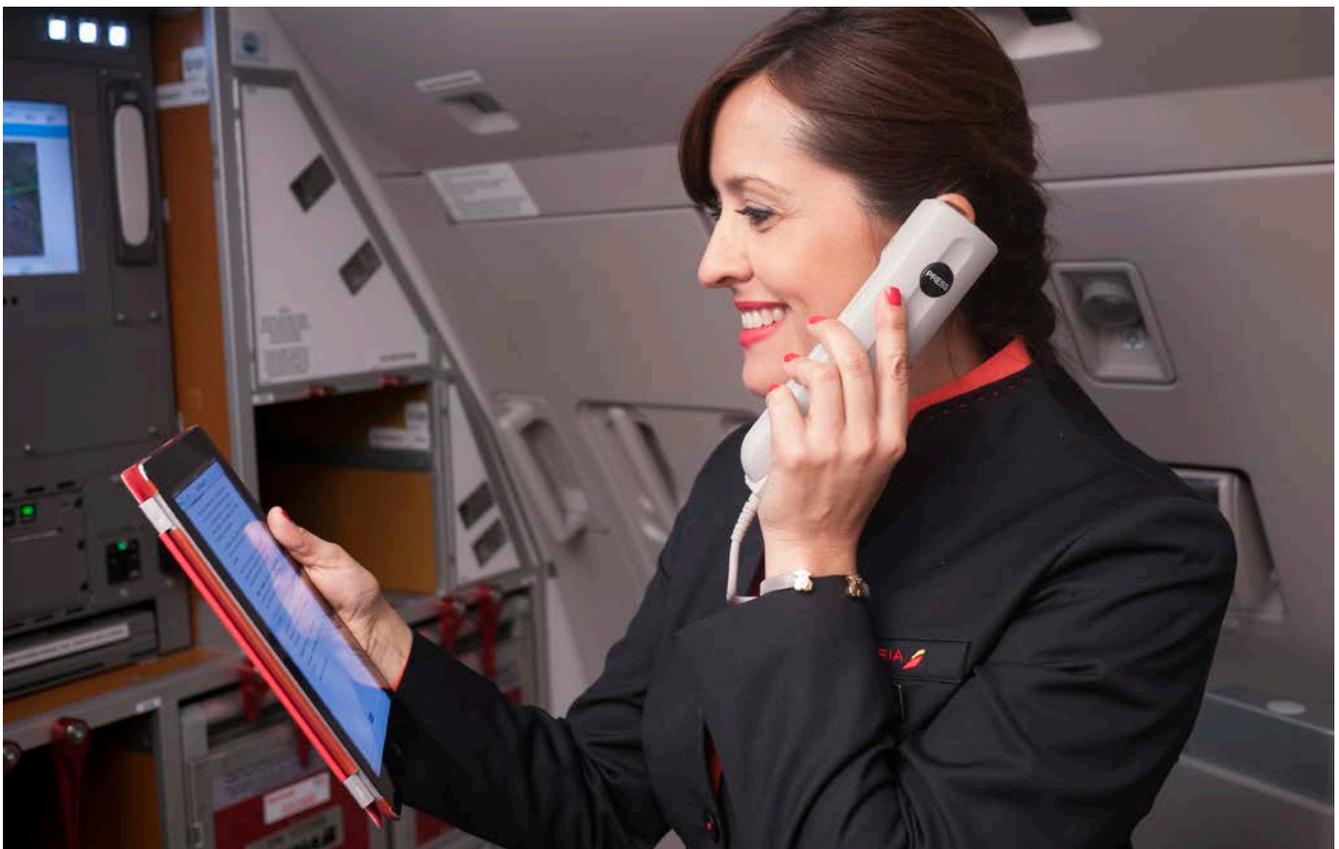
The breakdown of stakeholders, Corporate Responsibility goals in respect thereof, communication channels available and the tools used to measure their materiality are indicated below:

Stakeholder Group	Breakdown	Objetive	Communication channels	Materiality analysis
Customers	Airline Customers, airport services and aircraft maintenance.	Achieve customer satisfaction with our services. Ensure business sustainability.	<ul style="list-style-type: none"> <li>- Commercial Communications</li> <li>- Customer Care Offices</li> <li>- Iberia.com</li> <li>- Social Networking</li> <li>- Call centers</li> <li>- Claims Management</li> <li>- Events</li> </ul>	<ul style="list-style-type: none"> <li>- Interviews with key managers of customer service.</li> <li>- Claims analysis.</li> </ul>
Society	Airline associations and alliances.	To defend the common interests within the airline industry. Expand presence in the aviation market.	<ul style="list-style-type: none"> <li>- Direct participation in these associations.</li> <li>- Workgroups</li> </ul>	<ul style="list-style-type: none"> <li>- IATA Materiality Analysis.</li> </ul>
	Media and society in general.	Maintain a permanent interaction with the media. Inform and interact instantly with the digital community (RRSS...)	<ul style="list-style-type: none"> <li>- Social Networking</li> <li>- Press Releases</li> <li>- Corporate Web</li> <li>- Interviews and meetings with journalists</li> <li>- Institutional Relations</li> </ul>	<ul style="list-style-type: none"> <li>- Interviews with managers of External Communications.</li> <li>- Studies of the Centre for Sociological Research.</li> <li>- Merco Analysis, Madrid Excellent and FTSE4GOOD.</li> </ul>
	Environmental	Preserve the environment and take care of it	<ul style="list-style-type: none"> <li>- Annual IAG Report</li> <li>- Iberia's RC Report</li> </ul>	<ul style="list-style-type: none"> <li>- Applicable law.</li> <li>- External audits.</li> <li>- Internal and external materiality results.</li> </ul>
	NGOs and social organizations.	Collaborate actively in organizations, especially those related to our employees	<ul style="list-style-type: none"> <li>- CSR Communication Channel</li> <li>- Corporate Web</li> <li>- NGOs linked</li> <li>- Volunteering information (Intranet)</li> </ul>	<ul style="list-style-type: none"> <li>- Analysis of the requests of NGOs and Foundations</li> </ul>
Regulator	Government, AENA, Civil Aviation, ICAO, IATA, national and local governments	Ensure compliance of the standard in each of its areas of activity. Maintain a cooperative attitude with regulators to help maximize the benefit of regulation on all stakeholders.	<ul style="list-style-type: none"> <li>- Working groups.</li> <li>- External audits.</li> <li>- Specific Statements</li> </ul>	<ul style="list-style-type: none"> <li>- Key aspects of the applicable regulation.</li> </ul>
Employees	Employees	Contribute to the professional development of employees achieving their wellness.	<ul style="list-style-type: none"> <li>- Internal communication channels</li> <li>- Regular meetings of the Governing with employees</li> <li>- Channel of complaints</li> <li>- Suggestions</li> </ul>	<ul style="list-style-type: none"> <li>- Materiality Internal Survey.</li> <li>- Employee Satisfaction Survey.</li> </ul>
Suppliers	Suppliers and subcontractor	Ensuring transparent recruitment processes and maintaining a relationship that adds value to all parties. Establishing and promoting responsible purchasing criteria	<ul style="list-style-type: none"> <li>- Suppliers Management Systems</li> </ul>	<ul style="list-style-type: none"> <li>- Interviews with the services procurement managers</li> </ul>

Stakeholder Group	Breakdown	Objective	Communication channels	Materiality analysis
Shareholders	Shareholders of the IAG Group. Market analysts	Transmit transparently all relevant corporate and financial information. Fulfill the obligations of Corporate Governance.	<ul style="list-style-type: none"> <li>- Office of shareholder and investor relations</li> <li>- Shareholders</li> <li>- Board of directors</li> <li>- Quarterly and Annual Reports</li> <li>- Presentations to markets</li> <li>- Website IAG</li> </ul>	<ul style="list-style-type: none"> <li>- Criteria for Responsible Investment</li> <li>- Key issues addressed in the Shareholder's assembly</li> <li>- Corporate Governance functions, dependent of the Board of Directors .</li> </ul>

Not all the stakeholders participate directly in the preparation of this CR Report, but all their opinions are taken into account and in some cases they are informed of the contents in case they have any comments or contributions to make before the Report is published. Moreover, several stakeholders assess the CR Report once it has been published.

Those assessments are taken into account RC when preparing the following year's Report. Through these assessments and the materiality analyses, the requests and demands of our stakeholders are obtained and included.



# 4. | Material Aspects and Scope of Cover

The materiality analysis was made taking account of the guidelines set out in the Global Reporting Initiative (GRI). The analyses were made using the sources of information mentioned in the previous point.

The outcome of what aspects are material for our stakeholders are as follows:

Stakeholder Group		General Aspect	Specific Aspect	Section CR Report
Clients	Airline Customers, airport services and aircraft maintenance.	PRODUCT RESPONSIBILITY	- Categories of products and services where security and impacts on health are evaluated - Surveys of customer satisfaction	12. Product responsibility
		ECONOMIC ASPECTS	- Economic performance of Iberia - Presence of the Company in the market - Development of investments and indirect economic impacts	7. Economic development
		EMPLOYEES	- Training programs for employees	9. Social performance
Society	Airline associations and alliances.	ENVIRONMENTAL	- Emissions of CO2 and other emissions - Spills and waste - Our products and services - Fines and penalties for environmental non-compliance	8. Environmental
		PRODUCT RESPONSIBILITY	- Categories of products and services where security and evaluates the impacts on health	12. Product responsibility
	Media and society in general.	EMPLOYEES	- Employees (hiring, benefits, etc.) - Labour relations between the company and employees - Composition of the staff (diversity and equal opportunities)	9. Social performance
		PRODUCT RESPONSIBILITY	- Categories of products and services where security and impacts on health are evaluated - Surveys of customer satisfaction - Products subject to public debate or prohibited - Substantiated complaints regarding customer privacy and data	12. Product responsibility
		ECONOMIC ASPECTS	- Economic performance of Iberia - Presence of the Company on the market - Development of investments and indirect economic impacts	7. Economic development
	ENVIRONMENTAL	- Impacts of operations on Biodiversity - Emissions of CO2 and other emissions - Spills and waste - Our products and services (environmental impacts) - Environmental assessment of suppliers	8. Environmental	

Stakeholder Group		General Aspect	Specific Aspect	Section CR Report
Society	NGOs and social organizations.	SOCIETY	<ul style="list-style-type: none"> <li>- Centers with development programs for the local community</li> <li>- Evaluation of the social impact of suppliers</li> </ul>	11. Society
		HUMAN RIGHTS	<ul style="list-style-type: none"> <li>- Agreements and contracts with HR clauses and employee training in this area</li> <li>- Operations and suppliers at risk in child labor</li> </ul>	10. Human Rights
		EMPLOYEES	<ul style="list-style-type: none"> <li>- Composition of the staff (diversity and equal opportunities)</li> </ul>	9. Social performance
Regulator	Government, AENA, Civil Aviation, ICAO, IATA, national and local governments	ALL	<ul style="list-style-type: none"> <li>- Complaints and claims on environmental matters</li> <li>- Mechanisms of labor complaints</li> <li>- Complaints about human rights through formal grievance mechanisms</li> <li>- Significant fines and sanctions for legal violations</li> <li>- Fines and sanctions in relation to the provision and use of products of the organization</li> </ul>	Several
Employees	Employees	EMPLOYEES	<ul style="list-style-type: none"> <li>- Employees (hiring, benefits, etc.)</li> <li>- Labour relations between the company and employees</li> <li>- Protection of employee's health and safety</li> <li>- Training programs for employees</li> <li>- Composition of the staff (diversity and equal opportunities)</li> </ul>	9. Social performance
		CORPORATE GOVERNANCE	<ul style="list-style-type: none"> <li>- Management of society. Decision-making system.</li> </ul>	6. Corporate Governance
Suppliers	Suppliers and subcontractors	ECONOMIC ASPECTS	<ul style="list-style-type: none"> <li>- Economic performance of Iberia</li> </ul>	7. Economic development
		ENVIRONMENTAL	<ul style="list-style-type: none"> <li>- Environmental assessment of suppliers</li> </ul>	8. Environmental
Shareholders	"Shareholders of the IAG Group.	CORPORATE GOVERNANCE	<ul style="list-style-type: none"> <li>- Management of society. Decision-making system.</li> </ul>	6. Corporate Governance
		ECONOMIC ASPECTS	<ul style="list-style-type: none"> <li>- Economic performance of Iberia</li> <li>- Presence of the Company on the market</li> <li>- Development of investments and indirect economic impacts</li> </ul>	7. Economic development

Stakeholder Group		General Aspect	Specific Aspect	Section CR Report
Shareholders	Shareholders of the IAG Group. Market analysts	ENVIRONMENTAL	<ul style="list-style-type: none"> <li>- Consumed energy in the development of our operations</li> <li>- Consumed and recycled water</li> <li>- Impacts of operations on Biodiversity</li> <li>- Emissions of CO2 and other emissions</li> <li>- Spills and waste</li> <li>- Our products and services (environmental impacts)</li> </ul>	8. Environmental
		SOCIETY	<ul style="list-style-type: none"> <li>- Centers with development programs for the local community</li> <li>- Measures taken by Iberia to fight corruption</li> </ul>	11. Society

Only our employees participated directly in the materiality analysis. The other aspects were analysed on the basis of existing registers and data bases reflecting the company's everyday dealings with these stakeholders and interviews with the principal managers of the activities most closely related with them.

This analysis will be updated annually to ensure that the company is aware of the material aspects of its stakeholders and manages its Corporate Responsibility on the basis thereof.

With regard to the sustainability goals, in 2015 we will analyse the existing methodology with a view to engaging the direct participation of more stakeholders.

In points 6-12 of this report we will analyse materiality according to the nature of the information.

# 5. Profile of the Report

” Iberia published its first Report containing significant environmental aspects in 1994, reporting on its commitments to Sustainability

The Corporate Responsibility Report of IBERIA, L.A.E., S.A. Operadora U. – hereinafter Iberia or the company - is published annually and aims to provide the information required by the different stakeholders of the company on its economic, social and environmental management. This Report supplements the financial and corporate governance reporting laid before the General Shareholders’ Meeting, which can be downloaded from the IAG website, where the reports of earlier years can also be consulted.

Once the Report has been checked, it is submitted to the Management Committee and Board of Directors of Iberia for their information and approval.

Iberia published its first Report containing significant environmental aspects in 1994, reporting on its commitments to Sustainability from an environmental standpoint. Over the following 20 years it has been reporting information on Corporate Responsibility for the different stakeholders.

This year, for the first time, the Report has been prepared according to the criteria established in the G4 Sustainability Reporting Guidelines according to the Comprehensive option, although this is the tenth year in which it has been checked by a third party to make sure the requirements of this internationally recognised standard are met.

All the GRI-G4 requirements included in the GRI index have been checked by AENOR.





The information reported refers to the period between 1 January and 31 December 2014 and covers all Iberia's activities, giving priority to the material information, without omitting any important information.

If there are any variations in the scope and cover of the information, they have been indicated within the report. This year there have been changes in the formula used for calculating data, as they have been brought in line with the calculations made by the IAG Group. Changes have also been produced as a result of the transition from GRI3.1 to GRI4.

# 6. Governance

## MATERIALITY

### Principal Stakeholders for whom Governance is material:

- > Shareholders and Investors
- > Society at large
- > Employees

### Principal Material Aspects in order of importance:

- > Management of the Company
- > Decision-making system
- > Ethics and Integrity

## 6.1. CORPORATE GOVERNANCE STRUCTURE IAG – IBERIA

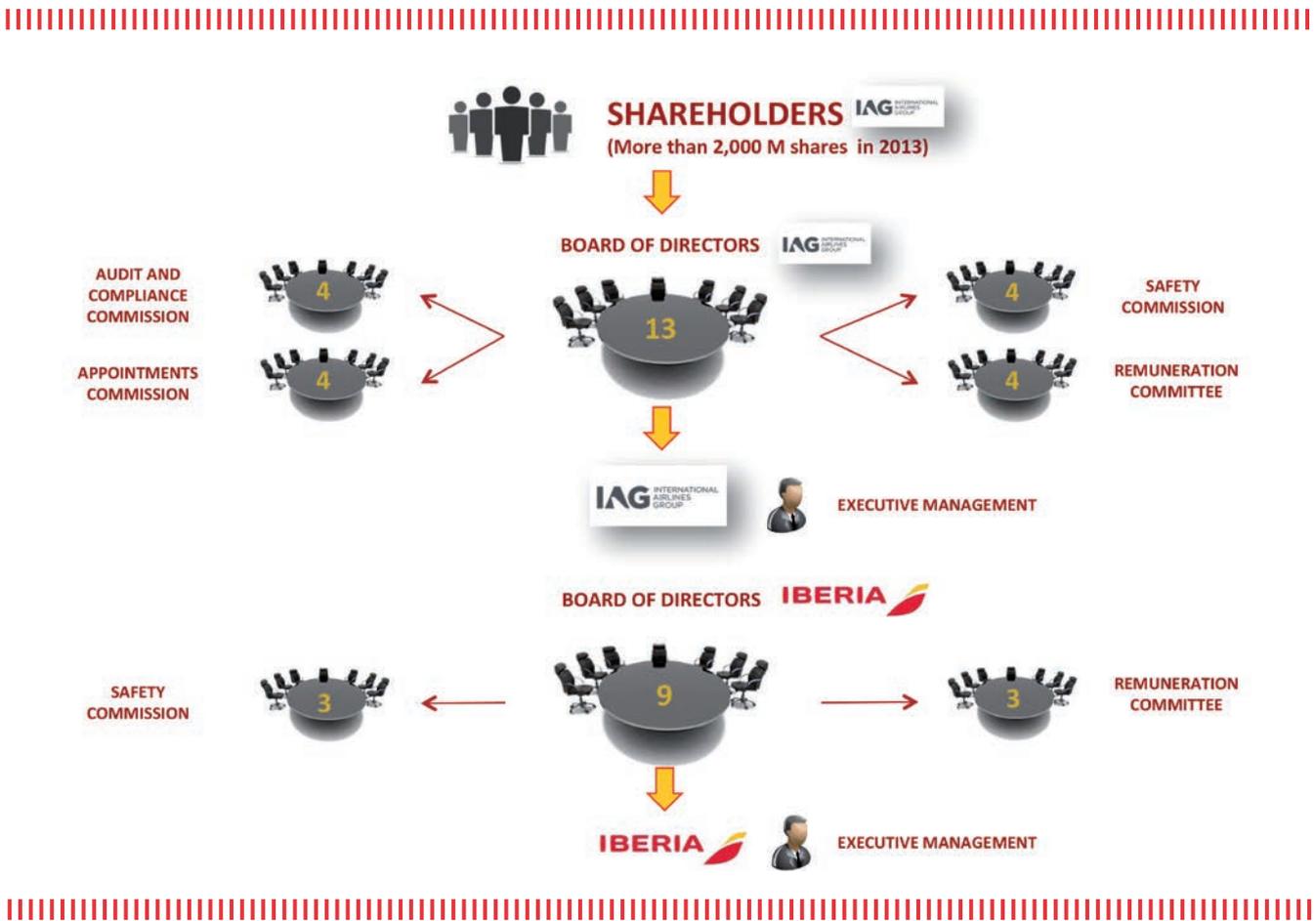
Corporate Governance is the set of practices governing and controlling relationships among the stakeholders of an organisation. It is structured as a system of relationships between shareholders, the board of directors and executive management and is coordinated in processes through which these bodies interact, direct and control the future of the organisation. Corporate Governance also aims to respond to the demands of the social environment of the company, including the use of good social and environmental practices, in addition to the legal and regulatory requirements.

In this regard, the IAG Group complies with the applicable legal provisions on corporate governance in the United Kingdom (UK Corporate Governance Code) and Spain (Spanish Unified Code of Good Governance).

The goals and strategies are defined by the Boards of Directors of IAG and Iberia, which are responsible for approving the strategy and the general policy lines, devising programmes and defining goals for performance of the corporate objects, as well as fostering

and overseeing the management and fulfilment of the goals established. Their duties, goals and procedure are available to the public on the IAG website.

**Corporate Governance in IAG and Iberia can be reflected as follows:**



These duties include, among others, approving the business plan and annual budgets; the financing policy and structure; the risk management and supervision policy; the regular monitoring of internal reporting and control systems; and the corporate social responsibility policy.

This Report is submitted to the Iberia Management Committee and Board of Directors for their approval prior to publication. The Corporate Responsibility Department also informs on the novelties in sustainability and any important changes occurring during the year (diversity, environmental impact, new projects, etc.).

The different areas of Iberia to which the principal functions of Corporate Responsibility are delegated can be seen in the section on the Iberia CR Policy (point 2.7).

The Articles of Association and Regulations applicable to the management of these governing bodies can be found in the Corporate Governance section of the IAG website. The IAG Group Annual Report also contains information on the remuneration policies, Board diversity policy and other aspects of Corporate Governance.

### **Communication with shareholders**

IAG has a specific shareholder relations area through which consultations are made between stakeholders and the senior governing body for economic, environmental and social issues.

The IAG Group regularly publishes economic and financial information on its website for its stakeholders (shareholders, analysts, etc.).

At the IAG Annual General Shareholders' Meeting, the managers present the Group results (Annual Report and Directors' Report) and the Group meets its obligations to one of its principal stakeholders, its shareholders.

Within the subject matter discussed at these meetings, one of the aspects on which shareholders most request information is remuneration, which the IAG Group provides in its Annual Report and the specific Remuneration Report required by the Spanish National Securities Market Commission (CNMV). Similarly, in view of our activity, environmental issues are always of the utmost interest for our shareholders, especially regarding emissions and the efficiency of aircraft fuel consumption.

### **Nominations and Remunerations Policy**

The Nominations Policy corresponds to the Nominations Committee of the IAG Board of Directors. The terms of reference of this Committee are included in the Regulations of the IAG Board of Directors.

Similarly, the remunerations are controlled by the Remunerations Committee. The IAG senior executive remuneration policy is public and can be consulted on the Group's website. The company's remuneration policy is intended to offer global pay packages competitive with the average remunerations on the market, linked to the business strategy and taking into account the duties, skills and contribution of each person.

Full information can be found in the IAG Group Report on the Annual Accounts.

## Diversity on the Board

The IAG Group approved a Board Diversity Policy on 18 June 2014. The policy highlights the value of diversity and the Board's undertaking to have a diverse composition in its governing bodies, ensuring the absence of any discrimination.

The figures for diversity on the different Boards and within the organisation of Iberia are set out below:

	Nº OF COUNSELORS	Nº OF INDEPENDENT COUNSELORS	Nº OF WOMEN
Board of Directors IAG	9	9 (100%)	3 (33%)
Board of Directors Iberia	7	0 (0%)	1 (14%)

	Nº OF MEMBERS	Nº OF WOMEN
Steering Committee	10	1 (10%)

The distribution of men and women holding senior positions in Iberia can be seen in the chapter of this Report on diversity and equal opportunities.

## Conflicts of interest

The IAG Group has established policies to make sure that there are no conflicts of interest within its governing bodies. The Regulations of the Board of Directors clearly define the directors' obligations. Their fulfilment of those obligations is analysed in the Report on the Annual Accounts.

All employees of the IAG Group, including Iberia, are bound by the Securities Code of Conduct published by IAG, which lays down the rules of conduct to be followed by senior officers and employees of the IAG Group on the securities markets affecting IAG.

In addition, the General Code of Conduct of the Iberia Group, which regulates the conduct of directors, executives and employees of Iberia in the performance of their duties and in their commercial and professional relationships, stipulates that they should prevent any personal or family interests from interfering in the decisions, actions, services or counselling that they take, perform or provide on behalf of the Iberia Group.

No conflicts of interest were detected in 2014 in the performance of duties of the Board of Directors or Management Committee of Iberia.

## 6.2. MANAGEMENT OF BUSINESS RISKS

The IAG Audit and Compliance Committee supervises the effectiveness of the internal control in the companies. Among other mechanisms, Iberia reports to this Committee through the Business Risks Management System, which identifies the most significant risks for the company and assesses them according to their economic impact, probability and time horizon.

Every six months it reports to the Board of Directors and Management Committee of Iberia. These governing bodies pinpoint and manage the economic, environmental and social impacts, risks and opportunities detected through the Business Risks Management System. Adequate management of business risks facilitates the implementation of adequate controls to mitigate or eliminate their impact and, consequently, achievement of the goals set.

The Iberia Business Risks System is self-assessed every year to ensure compliance with the good governance recommendations of the National Securities Market Commission in Spain and the UK Good Governance Code.

Further information on the principal risks affecting the achievement of the Group's goals can be found in the IAG Annual Report 2014.



**6.3.  
INTERNAL/  
EXTERNAL AUDIT**

According to its Financial Reporting Internal Control Policy, Iberia has internal control systems based on the reference framework established by the CNMV. The Financial Reporting Internal Control System is part of the internal control, comprising the set of processes performed by the Board of Directors, the Audit and Compliance Committee, the senior management and the employees involved to provide reasonable security regarding the reliability of the financial information published on the markets.

Iberia has an Internal Audit Department, which is responsible for independent, objective assurance and consultancy. Its purpose is to help the organisation to meet its goals by offering a systematic, disciplined approach to assess and enhance the efficiency of risk management, control and governance processes.

The Internal Audit Department's duties include providing support to the Audit and Compliance Committee in the supervision of the internal control system, including the Financial Reporting Internal Control System.

**6.4.  
ETHICS AND  
INTEGRITY**

Iberia has a Code of Conduct laying down general guidelines for the conduct of directors, executives and employees of Iberia in the performance of their duties and in their commercial and professional relationships, acting in accordance with the laws in place in each country and respecting the ethical principles of their respective cultures.

This Code is published in Spanish and English. Its knowledge and fulfilment is secured through e-learning, received in 2014 by more than 2,000 employees. This Code is also sent to all suppliers and commercial brokers to make sure they are familiar with it, since it regulates the principles governing the conduct of Iberia and its employees in respect of third parties.

” Iberia has an Internal Audit Department, which is responsible for independent, objective assurance and consultancy.



The Code of Conduct is one of the main pillars of the Iberia Crime Prevention Programme.

In addition, all Iberia employees are bound by the Securities Code of Conduct published by IAG and the different anti-corruption laws and regulations, described in further detail in the relevant section of this Report.

## 6.5. WHISTLE-BLOWING CHANNEL

Several tools are made available to Iberia employees to obtain advice and solve any incidents that they may observe. Employees may, should they so wish, contact the Compliance Department directly for any consultation. There is also a whistle-blowing channel handled by an outside service provider to guarantee total confidentiality and, if employees so wish, anonymity.

All reports are analysed and a Reports Monitoring and Assessment Unit, consisting of senior managers of the company, is informed for review and to take any necessary action. In this regard, the company is firmly committed to not taking any disciplinary measures, under any circumstances, against employees who report a situation in good faith.

There are also specific channels, via e-mail, for service providers and third parties.

# 7. Economic Performance

## MATERIALITY

### Principal Stakeholders for whom Economic Performance is material:

- > Shareholders and Investors
- > Society at large
- > Employees

### Principal Material Aspects in order of importance:

- > Iberia's economic performance
- > Presence/weight of the company in the market
- > Development of investments and indirect economic impacts

## 7.1. ECONOMIC FIGURES

This point summarises the principal economic details requested by G4. For a more comprehensive view of the economic results of the year and the risks and opportunities that may affect them, we recommend reading the IAG Annual Report.

### Economic value generated and distributed

Iberia's main contribution to economic and social development is defined by the impact it has directly or indirectly on the different stakeholders.

Iberia's business activity generates a major economic impact, which directly favours society.

Direct economic value generated (millions of €)	2014
Recurring Operating Income	3.979,3
Operating income (including non-recurring)	3.985,6
Financial assistance received from government	0,0

Direct economic value generated (millions of €)	2014
Operating expenditure (including non-recurring)	4.392,6
Total expenditure salaries and employee benefits	1.002,2
Total allocation for company pension plans	22,0
Total amount paid to the Social Security	183,6
Airport Tax and Navigation	306,0
Taxation	133,0
Investments	172,9
Donations (monetary)	2,3

Iberia posted an operating profit of 50 million euros in 2014, contrasting with the operating loss of 166 million euros in the previous year.

Significant investment in infrastructures totalled 2.9 million euros. The most important investments were made in the New Office Building in Madrid, improvements to the hangars and the change of terminal at Sao Paulo airport.

As for the company's total contribution to pension plans, the company and employees go halves on the contributions to the mutual insurance policy with Montepío "Loreto".

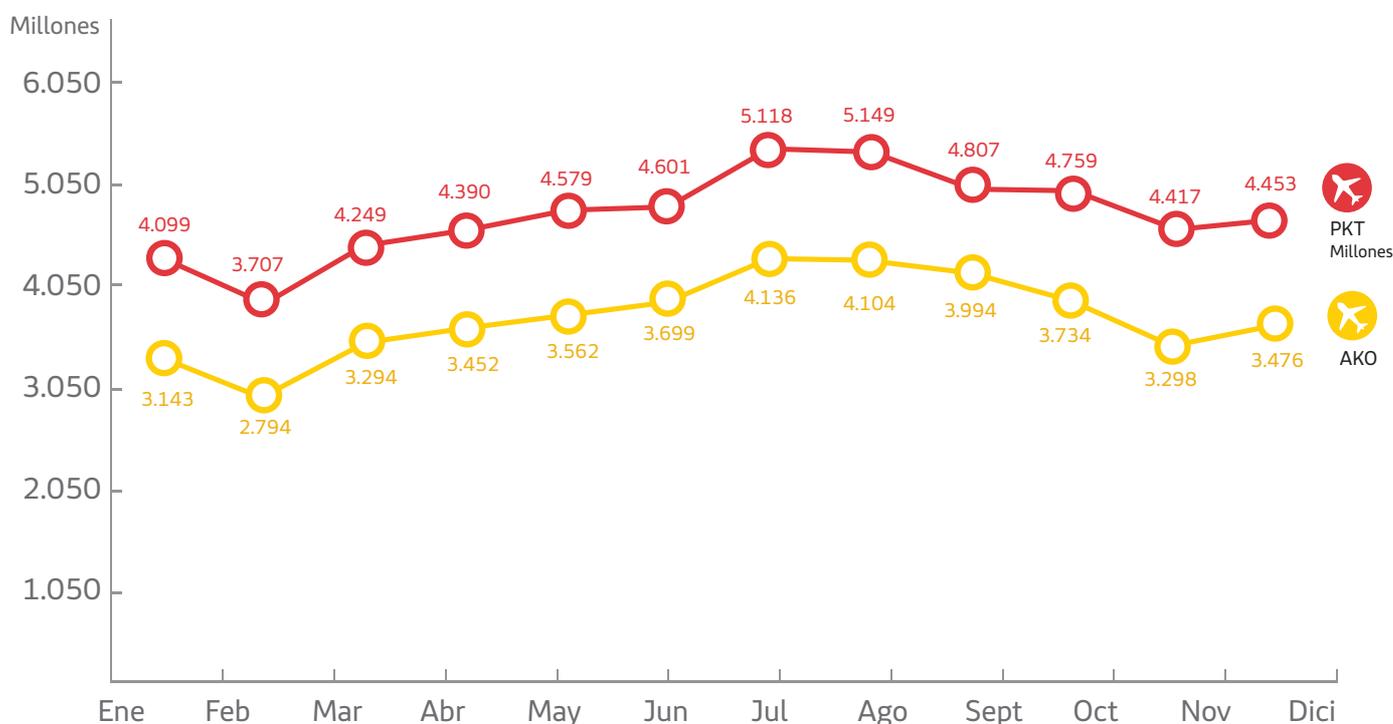
### Business activity

In 2014 Iberia's activity followed a rising trend in both traffic and capacity thanks to the results of the Future Plan, which implemented efficiency measures in all areas of the company and was thus able to offer more competitive prices, recovering routes which had previously been discontinued.

The evolution of the principal indicators is shown below:

	2014	2013	%
RPK (millions) Revenue-Passengers-Kilometer(Demand)	42686	41493	2,9%
ASK (millions) Available-Seat-Kilometer (Offer)	54328	52429	3,6%
FTK (millions) Freight-Tonne-Kilometer (Demand)	999	1007	-0,8%

These indicators are the production units measured by the traffic and capacity of an airline and are used to homogenise these details with the data of other companies, with different aircraft, different capacities and different routes.



In 2014, Iberia reported a load factor of 78.6%, against the sector load factor of 79.7%.

At market level, international load factors tended to decline over the year, due especially to the sharp increase in capacity of the Asian-Pacific airlines. There was also a slight drop in business confidence at the end of 2014, which affected international travel in some markets.

Iberia's activity per market is shown below:

Market	Nº of Destination	% of total activity Iberia
Europe	43	19%
Domestic	27	11%
Latinoamérica	14	53%
Africa and the Middle East	12	4%
United States	5	13%

As observed above, 53% of Iberia's capacity, measured in available seat kilometres (ASK), is on flights to and from Latin America.

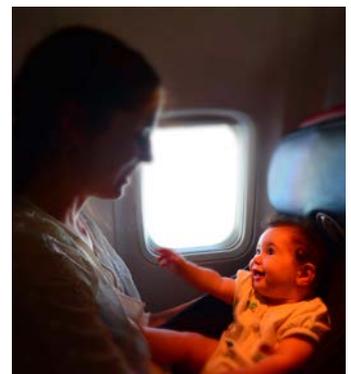
On average, Iberia makes 14 flights a day to Latin America (excluding the Caribbean) and has a market share of 17.6%, the largest of all the airlines competing in that market.

In its domestic activity, Iberia is second with 26% of the total activity (also measured in ASK), although it should be noted that the first position is held by Vueling with 29%, another partner in IAG.

Iberia accounts for 42% of the total activity at the Hub in Madrid (measured in ASK).

With regard to the risks and opportunities deriving from climate change, Iberia, through IAG, supports the current negotiations on climate change, which seek a global agreement in the aviation

” On average, Iberia makes 14 flights a day to Latin America and has a market share of 17.6%





sector taking into account appropriate incentives for biofuels. IAG is also working hand in hand with the delegation of the International Civil Aviation Organisation (ICAO) to establish a working programme with a view to reaching a global agreement on climate change at its General Assembly in 2016.

On a local level, within its corporate risk map the company has a risk deriving from the environmental regulations, referring to emissions trading and the possible economic impact and opportunities deriving from those regulations.



**7.2.**  
**INNOVATION**  
**MANAGEMENT**

Since 2001, IBERIA has employed considerable resources in R+D+I (Research+Development+Innovation) management, participating in the negotiations to obtain aids to achieve a better return on investment in its projects. It is still very active at present in these negotiations, despite the changes taking place in the social and economic environment concerning aids.

A total of 26 projects were managed in 2014 with a strong technological component and rated as R+D+I by independent experts. The overall amount was over 30 million euros. As in earlier



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years, the tax saving represented the most important part of the incentive, with a deduction of 3.75 million euros, more than the sum of the previous two years.

In public financing, funds were obtained in 2014 from the Ministry of Industry (MINETUR) to increase Iberia's competitiveness in the aircraft maintenance sector, enabling it to offer new, improved services for its clients. Funds were also obtained from the Centre for Industrial Technological Development (CDTI) and the European Union for the Maintenance and Engineering Department.

These contributions are made as loans repayable by Iberia at lower-than-market interest rates.

The most representative projects carried out in 2014 were:

- MADCOMAR13 and FATCHEDA13: Including Ágora initiatives performed by Iberia at Adolfo Suárez Madrid-Barajas Airport to improve quality and customer services.
- ICEMULIB13: Representing the new corporate image at Iberia.com.
- OPTISYST13: New infrastructure in the architecture of the IT Department.
- V2500DGM13: New integral MRO service for V2500 turbofans, the engine manufactured by IAE powering the Airbus A319, A320 and A321.

# 8. | Environment

## MATERIALITY

### Principal Stakeholders for which Environmental issues are material:

- > Shareholders and Investors
- > Society at large
- > Associations
- > Employees

### Principal Material Aspects in order of importance:

- > Environmental impact of our activities
- > CO2 emissions and other polluting emissions
- > Environmental evaluation of suppliers and service providers
- > Impact of our operations on nature
- > Effluent and waste generation

Environmental protection is one of Iberia's corporate priorities. The company strives relentlessly to maintain a balance between development of its business activities and their impact on the environment.

The activities performed by Iberia, the carriage of passengers and cargo, MRO and handling, and all the environmental aspects deriving from these activities have environmental impact, consumption of materials and energy, generation of waste and effluent, which generally affect climate change and the quality of the local environment.

To ensure correct management of these aspects, the company defines and updates a number of measures, including the implementation of environmental management systems; training, motivation and environmental awareness of its employees; periodic internal controls and environmental audits; and collaboration and participation in environmental affairs along with their stakeholders.



## **8.1. OVERVIEW OF CONSUMPTION**

### **Internal energy consumption**

In this aspect, 98.8% of the company's total internal energy consumption is consumed in flight operations, which use aviation kerosene (Jet-A1). The rest of the energy is consumed in handling, where the fuels habitually used are electricity, natural gas, petrol and different types of diesel.

The total quantity of energy used was 59,951,391 gigajoules (GJ), of which 131,195 GJ are from renewable sources, mainly the part of renewable energies obtained from the generation of electricity (average figure indicated by UNESA in respect of the generation of electricity from renewable sources in Spain). The total quantity of energy used includes different fuels (diesel, heating oil, petrol, natural gas and aviation kerosene) and electricity. Conversion factors are based on the Kyoto protocol.

Commercial aviation fuel (Jet-A1) has very specific characteristics (high freezing point at least 47°C, high thermal stability, etc.) and at present there is no economically and logistically viable alternative to the fossil fuel used. Although there are currently different specific biofuels for aircraft, such as those produced with

energy crops (camelina, jatropha, algae) or from the treatment of different types of waste, their cost of production and other technical impediments make them unviable in the short term.

In this area, Iberia participates in collaboration with AENA (the Spanish Airport and Air Navigation Authority) and the firm Alga Energy in a pilot project for obtaining biofuels from algae, which are cultivated and processed in a greenhouse installed within the grounds of the Adolfo Suárez Madrid-Barajas Airport.

The total electricity consumption (306,531 GJ) was reduced by 7.9% (26,313 GJ) on a company level during 2014, largely through the application of energy saving policies embracing a number of initiatives with the common aim of reducing the company's energy consumption and carbon footprint. Coinciding with World Energy Efficiency Day, held on 5 March every year, in 2014 the company began a new lighting policy at its head offices. As part of Iberia's energy saving policy, it has installed a system in its new offices whereby the lighting is automatically switched off at 20:00. The company makes no sales of electricity, heating, cooling or steam.

In addition, other initiatives designed to reduce the energy consumption in heating and cooling, amounting to 522,476 GJ, were implemented several years ago, such as cutting down the air-conditioning times and adjusting the comfort temperatures in both summer and winter to reduce the overall energy consumption.

### **Energy consumption outside the Organisation**

The energy consumed outside the Organisation, contemplating the energy used in catering services and road transport of its employees, totalled 20,513 GJ. The type of fuel considered is diesel, consumed in the catering vehicles and the fleet of buses used to transport employees to and from the La Muñoza Industrial Area. This consumption is calculated on the basis of the figures reported by the catering firm and, for the employee transport routes, by estimating the average consumption of each bus and calculating the kilometres travelled on each route. The company has not defined any actions to reduce ground transport emissions.

## Energy intensity

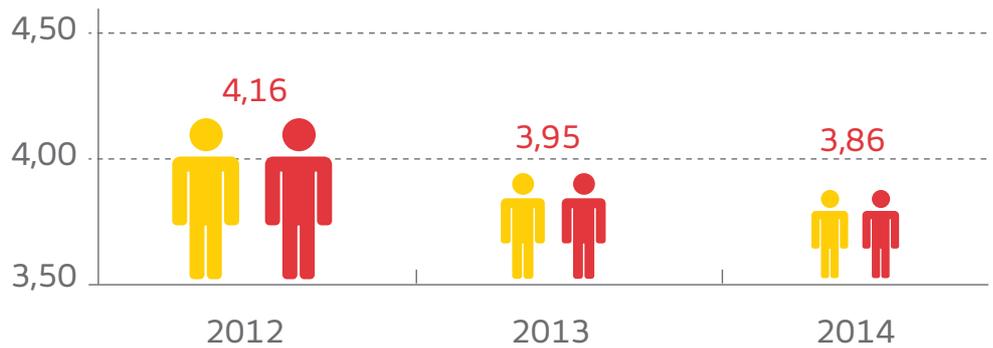
The energy intensity of flight operations is measured in grams of CO<sub>2</sub> emitted per passenger carried. This is calculated using the litres of fuel consumed by the company throughout the year, converted into kilograms and emissions (1 kg of kerosene is equivalent to 3.15 kg of CO<sub>2</sub>), divided by the output figures, tonnes per kilometre carried (standard measurement in the aviation sector), which is calculated with the distance of the route, the weight of the passengers, baggage and cargo carried, taking account of the type of passenger (babies, children and adults). In 2014 the company had an energy intensity of 89.63 grams of CO<sub>2</sub> per passenger carried, calculated using a new method similar to that used by IAG for the global calculation of total emissions of the Group, so 2014 is taken as the new base year for comparison.

Energy intensity in ground operations is measured in tonnes of CO<sub>2</sub> emitted per employee. The emissions are calculated for the different aspects (see section on emissions of handling operations) and divided by the total number of employees of the company in the year. In 2014 emissions of 3.86 tonnes per employee were produced, 2.2% (0.087 tonnes per employee) less than in the previous year, although the overall emissions were reduced by 6.85% (4,764 tonnes). We observed a reduction in all emissions,



especially natural gas and gasoil boilers used in industrial areas, owing to the use of new technologies that improve energy efficiency in the industrial processes of MRO operations.

**Emissions per employee: TN of CO2/employee Ground operations**



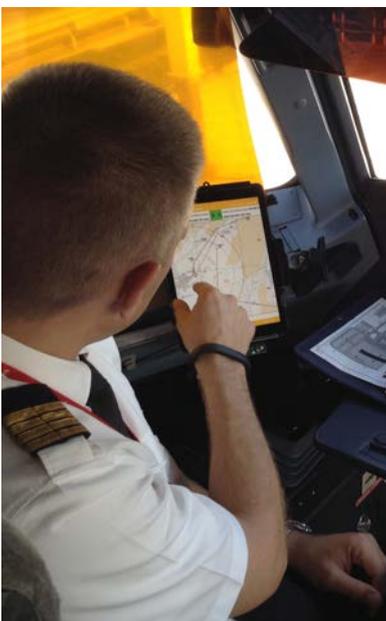
**Water consumption**

The total water consumption in 2014 (248,802 m3) was 13.4% less than in the previous year and 18% less than in 2012. All the water supplied to the company comes exclusively from the mains; no water is collected and no water is recycled or reused at any of its facilities.

This reduction is partly due to the move to the new office building in Madrid, following which several buildings have been closed, and also to changes in working models and awareness campaigns among employees.

**Consumption of paper**

Paper consumption was reduced by 1% in 2014 through the reduction targets set in innovating resource-saving projects and the application of continuous improvement, the central theme of the Environmental Management Systems. Moreover, the company policy is to transform paper-consuming administrative processes into equivalent electronic processes.



A considerable saving is achieved through the issuing of electronic tickets and boarding cards in both passenger and cargo services, and in the management of waste from ground operations, described in the Environment chapter of this Report.

### **PIONEERS IN SPAIN IN THE IMPLEMENTATION OF IPAD FOR PILOTS**

We are the first Spanish airline to have installed the technology for our pilots to use the "Electronic Flight Bag". It consists of iPads which will replace practically all the paper documents that the technical crew consult and use to make the necessary calculations when preparing and operating each flight. This will allow a considerable saving on paper and reduce the weight carried by around 60 kg on average, which means we will save around 150,000 euros a year in fuel just in the short and medium-haul fleet.

Through these electronic devices, Iberia pilots will have access to several applications to consult maps, aircraft manuals and make the necessary calculations for the phases of take-off, cruising and landing. The use of these iPads will also reduce the pilots' workload and enable an easier, more intuitive management of the flight, making it easier to make decisions. All this will increase operating safety and efficiency.

We are currently coordinating with the Spanish Aviation Safety Agency (AESA) to define the test phase and thus be able to certify that we meet the necessary requirements for the use of these electronic devices as flight instruments.

At the same time, a group of 100 pilots received theoretical and simulator training on the functions of this new tool so that, once approved by the authorities, they can be used in real flights.

## 8.2. NATURE PROTECTION: PROTECTION OF ENDANGERED SPECIES

Iberia does not operate on land adjacent to or within protected nature reserves or unprotected areas with considerable value for biodiversity. We also collaborate closely in the protection of endangered species and do not permit the carriage of any of these species on its flights. Similarly, we collaborate closely with different institutions that promote the protection and conservation of endangered species and participate actively in returning unlawfully removed animals to their natural habitats. As an example of this commitment, during 2014 and for the fifth year in succession, Iberia collaborated with the project organised by Fundación Migres for the recovery of these species.



## WE TRANSPORTED 14 EAGLES TO NYC FOR A CONSERVATION PROJECT

We took 14 eagles from Madrid to New York in collaboration with the Aquila Foundation. After quarantine they will continue their journey to Oklahoma, where they are to live at the reproduction in captivity centre run by the SIA Foundation, Comanche Nation in North America.

These short-toed snake eagles and booted eagles are unrecoverable birds which cannot be returned to nature because of different injuries they have suffered, and will now form part of a conservation project aiming to stimulate the reproduction in captivity of African species, developed by the SIA Foundation in collaboration with the Aquila Foundation.

The Aquila Foundation researches the medical and assisted reproduction areas within a broader project called "Holistic research centre for maintaining the variability and improvement in the diagnosis of pathologies in birds catalogued as threatened species", in which Fundación Biodiversidad also collaborates.

The Aquila and SIA Foundations are responsible for the reproduction in captivity programme for the Iberian imperial eagle within the framework of an agreement with the Department of Agriculture of the Castile-La Mancha regional government. In 2011 the first Iberian imperial eagle in the world born in captivity was achieved in this programme.

### 8.3. CLIMATE CHANGE: EMISSIONS

Iberia is aware of the importance of combatting climate change for the well-being of society. Accordingly, one of the main goals of its strategy is to reduce its CO<sub>2</sub> emissions, to achieve sustainable, efficient growth. In 2014 the company emitted 4,427,798 tonnes of CO<sub>2</sub> in its flight and ground operations, 1.68% (76,036 tonnes) less than in 2013, calculated according to the methods established in the Kyoto Greenhouse Gas Protocol. The measures comprising the company's strategy to reduce these emissions are described below:

#### **Flight Emissions**

##### **Fleet renewal**

The average age of its fleet at the end of 2014 was 9 years, whereas according to IATA the average fleet age of a traditional network carrier is around 11 years. During 2014 two new Airbus A-320 were received for use on domestic and European routes, and three Airbus A-330 for long-haul routes. The latter aircraft use cutting-edge technology to optimise fuel consumption and reduce CO<sub>2</sub> emissions, saving 15% per aircraft in kerosene (according to the manufacturer's specifications) compared with the existing Airbus 340-300 they are replacing.

##### **Other measures**

Iberia continued in 2014 to take measures to reduce fuel consumption and, therefore, CO<sub>2</sub> emissions. These measures included establishing a Fuel Efficiency Support Group (GSEC) within the Flight Operations Department with voluntary pilots from the different fleets to document, debate, develop and publicise fuel-saving initiatives by implementing good practices.

A new single-engine taxiing procedure has also been published for the short and medium-haul fleet, and an N/2 engine taxiing on arrival procedure for the long-haul fleet. Another of the publications was the Fuel Saving Guidelines which, apart from

containing all the procedures published so far, also includes all the measures proposed by the GSEC to improve fuel management in all phases of the flight. Among many other measures, these include:

- Reduction of the use of the APU (Auxiliary Power Unit), used to provide the aircraft with the energy it needs for start-up, encouraging maximum use of the ground installations for both electricity and air conditioning to avoid starting up the APU early. Permanent coordination with the Ground Operations Department has been established to make sure that aircraft are “connected” to the installations according to existing contracts.
- Other measures include optimisation of the fuel management system (FMS), search for the optimum flying level using the Nimbus flight plan system, optimisation of fuel consumption by improving the policy of closest alternative airports, operating conditions permitting and the planned reduction of fuel for use of the APU on ground is adjusted to the real situation.

### **Emissions of other gases**

With regard to emissions of ozone depleting substances, some 222.48 kg of halons (halon 1301 and 1211) were emitted in 2014. No adequate alternative has yet been found for halons, which are cases used for fire extinguishing in closed spaces such as aircraft engines. Sales of this type of substance are carefully controlled.

Other significant emissions in 2014 were produced through the use of 234 tonnes of products with VOCs (Volatile Organic Compounds), such as solvents, paint with solvents, hardeners or paint thinners. The final calculation of VOCs emitted is complicated to estimate, since there is a large quantity of very varied products with VOCs.

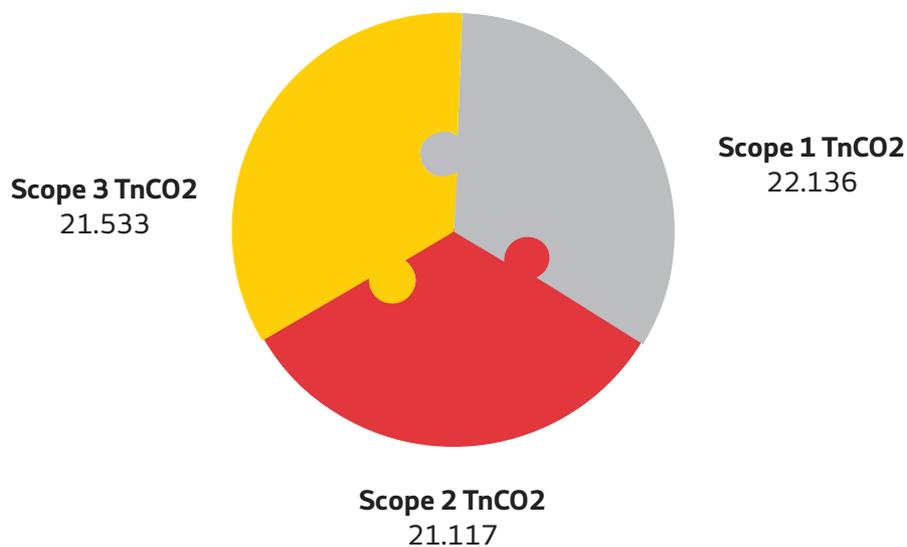
## Ground Emissions

### Inventory of ground emissions

The greenhouse gas emissions from Iberia’s ground operations account for approximately 1.2% of the total emissions of this nature generated by the company. These emissions can be classified into:

- Direct emissions (Scope 1). In our case these are emissions from boilers and diesel and natural gas generators; as well as emissions produced by petrol and diesel vehicles used for aircraft handling tasks. These emissions amount to 22,136 tonnes of CO<sub>2</sub>.

### CO<sub>2</sub> emissions by scopes in ground operations



- Indirect emissions (Scope 2), that is, emissions produced during the generation (by different means) of the electricity consumed at the company's installations. These emissions amount to 21,117 tonnes of CO<sub>2</sub>.
- Other indirect emissions (Scope 3), which are emissions produced by the catering services, by the employee transport route and the other means of transport used to travel to work. These emissions amount to 21,533 tonnes of CO<sub>2</sub>. These emissions are estimated, owing to the difficulty of calculating them as the company does not directly control them.

In 2014 direct emissions accounted for 29% of the total emissions from ground operations; indirect emissions accounted for 30% of the total and the rest corresponded to other indirect emissions (Scope 3).



#### 8.4. LOCAL AIR QUALITY AND NOISE

In addition to CO<sub>2</sub>, Iberia must consider its emissions of other gases and noise corresponding to the landing and take-off manoeuvres of aircraft at altitudes of less than 900 metres (3,000 feet), called LTO (Landing Take Off) cycles. These manoeuvres include approach, landing, take-off, climbing and taxiing of aircraft, when nitrogen oxides (NO<sub>x</sub>), carbon monoxide (NO) and unburned hydrocarbons (HC).

The standards for emissions of gases such as nitrogen oxide (NO<sub>x</sub>) and noise are set by the International Civil Aviation Organisation (ICAO), which is responsible for establishing the maximum emissions of these gases and noise levels for aircraft.

Iberia complies fully with the OACI NO<sub>x</sub> standards (CAEP 1 and 2) and its fleet has achieved a 91.7% compliance with the good practices defined in CAEP 4. Although the more restrictive

standards CAEP 6 and CAEP 8 are not applicable to the company's aircraft engines, their compliance has been analysed as a good practice, determining a 61.7% and 19.8% compliance, respectively. This percentage is expected to rise in forthcoming years as the new A-330 and A-350 fleet is introduced. The quantities emitted by the Iberia fleet in all LTO cycles in 2014 are 1,238 tonnes NOx, 459 tonnes CO and 76 tonnes HC. These calculations are based on the average emissions of each engine as published and certified by the manufacturers, type of aircraft and considering all the flights made during 2014.

The Iberia fleet complied fully in 2014 with the applicable noise standard (Chapters 3 and 4). This aspect has been improved over the year, increasing by 21% the fleet complying with Chapter 4.

To mitigate the impact of noise in its operations, the company complies with the operating procedures laid down by the Spanish civil aviation authorities, making a limited use of auxiliary engines in airports, reducing the use of brakes by using the thrust reverse technique and following the routes established by air control for arrival and departure at airports. In addition, in 2014 the company introduced new landing procedures for the short and long haul fleet to reduce their impact.



### **8.5. EFFLUENT AND WASTE**

The water used at Iberia's industrial facilities in Madrid is treated at two Wastewater Treatment Plants (EDAR), an industrial wastewater treatment plant which discharges into the Las Rejas Stream with a volume of discharge of 1,708 m<sup>3</sup> and an urban wastewater treatment plant which discharges into the River Jarama with a volume of discharge of 80,111 m<sup>3</sup>, in both cases measured by the discharge flowmeters installed at the facilities. The other facilities use the airport wastewater treatment plants or the mains wastewater treatment plant in the case of the company's head offices in Madrid. All the discharge parameters of this effluent are within the limits stipulated by the Integrated

Environmental Authorisation in industrial areas and those stipulated by the airport and mains wastewater treatment plants. Iberia also produces solid urban waste and hazardous waste in its industrial areas, airport activities and cargo terminals.

During 2014 Iberia produced 2,284 tonnes of solid urban waste, of which the industrial areas produced 1,533 tonnes, airport activities 575 tonnes and cargo handling 176 tonnes. Within the management of this waste, 83% was recycled, 16% was eliminated and around 1% was composted.

Some 881 tonnes of different types of hazardous waste was produced. The industrial areas, where the MRO operations are carried out, produced 724.4 tonnes, airport services 154.67 tonnes and cargo handling 2 tonnes. This waste was handed over to authorised waste managers, which defined the method of elimination. Of the total volume, 2.66% was reused, 8.66% was recycled, 21.36% used in waste to energy and 67.32% was placed in safe landfills.

Iberia continued participating in the IATA Cabin Waste working group in 2014 in respect of management of the catering waste produced in aircraft. The working group studies the current situation of all the waste generated on board aircraft, examines the best practices in its recycling and management and develops pilot experiences on some flights to obtain information, with the ultimate aim of developing an integral management for this type of waste.

No significant spills were produced in 2014 from the company's activities and no bodies of water or habitats were materially affected by effluent.



**8.6. ENVIRONMENTAL MANAGEMENT**

The implementation and maintenance of environmental management systems enable the company to develop its environmental policy and reach the management goals it has set. Iberia’s existing environmental management systems are outlined below:



During 2014, Iberia’s CO2 emissions monitoring and reporting system for intra-European flights and ground operations (industrial areas) was audited by AENOR according to the European emissions allowance system.

In 2014 the Iberia fleet also complied with the international environmental standards established by the International Civil Aviation Organisation (ICAO) on noise emissions and air quality below an altitude of 900 metres in the vicinity of airports.

Iberia pinpoints and assesses the environmental aspects of its ground operations to rate the extent to which they affect the environment. It then defines its management strategy according to that rating. The company has externally certified environmental management systems, internal management systems and specific procedures which cover all the activities having any environmental impact.

The Integrated Quality and Environment System of Iberia's airport services has been certified by AENOR under ISO 9001 and ISO 14001, respectively. This is unique in that it encompasses in a single integrated system the operations of over 30 stations throughout the national airport network. Iberia also has a Management System certified under ISO 14001 for its MRO operations in Madrid and Barcelona. This is one of the broadest certifications ever awarded by AENOR in terms of area and the variety of environmental aspects covered. These certificates require a huge human and material effort: environmental analysis, adequate documentation, training, awareness and preparation of installations, and internal and external audits, among other aspects.

Environment-related expenses totalled 7 million euros in 2014, distributed among environmental repairs and conservation (1 million euros), employee costs associated with environmental management (1 million euros), emission allowances (3 million euros) and environmental tax (2 million euros). Environment-related investments in property, plant and equipment totalled 1 million euros. No material environment-related fines were imposed on the company in 2014 following the criteria defined by IAG in its Annual Report (fines of over 20,000 USD, or claims for environmental impact).

The degree of mitigation of environmental impact produced by goods and services and their packaging is not applicable to air transport. Nevertheless, the issuing of electronic tickets and boarding cards in both passenger and cargo services and the waste management in handling have achieved a considerable saving in resources.

Iberia works jointly with its principal service providers to reduce environmental impacts within the supply chain. Most of our suppliers are included under Iberia's environmental certification (ISO 14001) or have their own certified environmental management services. These systems assess the real and potential environmental aspects and establish controls to mitigate them.

Iberia also updated its internal environmental risk map in 2014 and in 2015 it plans to begin a supplier environmental rating system on a local and international level, to rate the environmental impacts of suppliers and establish levels of priority in respect of environmental risk.

## 8.7. ENVIRONMENTAL PROJECTS



### **IAGOS (In-service Aircraft for a Global Observing System):**

The IAGOS project, included within the European Strategy Forum on Research Infrastructures, consists of fitting long-haul aircraft with scientific instruments to analyse the chemical atmospheric composition (H<sub>2</sub>O, O<sub>3</sub>, CO, CO<sub>2</sub>, NO<sub>x</sub>) and air particles (aerosols and clouds), assessing air quality at certain altitudes throughout the world.

In March 2014 the installation of one of these instruments was completed on one of our A340, with which the quality and composition of the air at high altitudes and above the Atlantic Ocean can be analysed and assessed. Iberia is the first Spanish airline and the third in Europe to collaborate in a scientific project on this scale, having been selected to form part of the project as leading airline in the Europe-Latin America market.

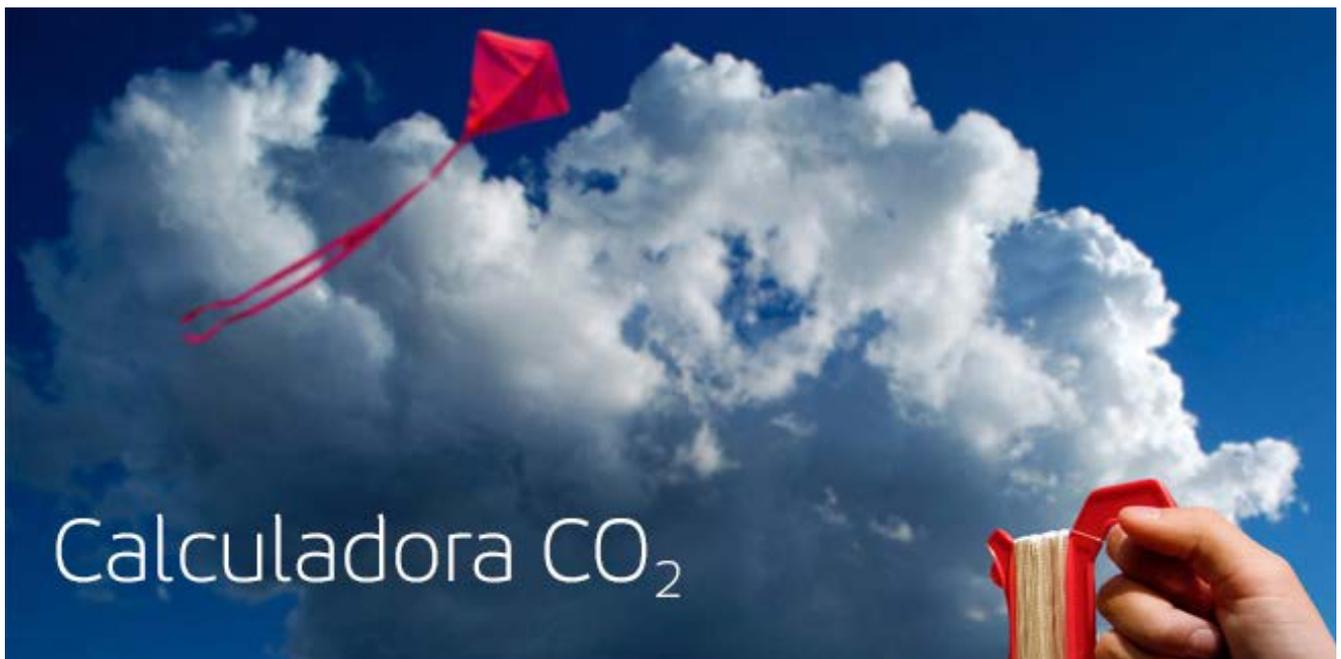
This aircraft, registration number EC-GUQ, made its first 270 flights in 2014 to different destinations in Latin and Central America. The incorporation of this aircraft enables long-term observations and, at the same time, provides practically real-time information for the weather services.

These measurements can be used to make a more accurate prediction of the weather conditions in the future and help decide what policies should be adopted against climate change.

## CO<sub>2</sub> Calculator

In accordance with the environmental strategy to combat climate change, Iberia provides information to customers and employees about the carbon footprint of their trip. In [www.iberia.com](http://www.iberia.com) and on the corporate website of the Company is available the CO<sub>2</sub> calculator, to estimate carbon emissions by journey.

Additionally there is a possibility of making a voluntary donation to assist in the conservation and sustainable management of natural spaces located in areas close to some Spanish airports.



## New lighter paint for aircraft

Iberia incorporated a new painting system for its aircraft in 2014 which improves their aerodynamics and is more ecological as it reduces fuel consumption. This new system, the Basecoat/Clearcoat system, enables a 30% saving in materials and in effective working time.



Iberia participates with AENA and the company Alga Energy in a project for producing biofuel from microalgae



Iberia is one of the first airlines in the world to use this innovative system. The Basecoat/ Clearcoat system consists of applying the colours in a single layer using the Basecoat component. With its high pigmentation, opacity is achieved with a very low paint thickness and in a single layer, whereas the paint systems previously used required at least two or three coats. The process is completed with the spraying of a transparent varnish, called Clearcoat, which gives the aircraft a very shiny look, known as the “wet effect”. This in turn acts as external protection for the aircraft against atmospheric agents and erosion. By using this system the weight of the aircraft paint is reduced and, consequently, fuel consumption, fewer layers of paint are required and fewer washes during its useful life.



## Biofuel from microalgae

Iberia participates with AENA (the Spanish Airport Authority) and the company Alga Energy in a project for producing biofuel from microalgae. The microalgae are cultivated at an experimentation technological plant installed next to Madrid-Barajas Airport. The centre researches, experiments with and finds ways to improve the technologies for capturing CO<sub>2</sub> and cultivating microalgae, used to produce biomass, from which biofuels are then obtained. The plant can produce 3-4 tonnes of biomass a year (one hectare of algae captures the same amount of CO<sub>2</sub> as 33,000 trees on 22 hectares).

Iberia supplies water from the La Muñoza Treatment Plant for subsequent use as feed for cultivating these organisms. In the near future Iberia will also supply CO<sub>2</sub> to the plant from its nearby engine mount test facilities. The ultimate goal of this participation is to promote the production of biofuels that will help to reduce the CO<sub>2</sub> emissions generated during operation of the Iberia fleet.

# 9. | Labour Performance

## MATERIALITY

### Principal Stakeholders for which Labour Performance is material:

- > Employees
- > Society at large
- > Shareholders and Investors
- > NGOs and welfare organisations

### Principal Material Aspects in order of importance:

- > Protection of employees' health and operating safety
- > Employee training programmes
- > Employees (hirings, welfare benefits, etc.)
- > Labour relations between the company and employees
- > Composition of the workforce (diversity and equal opportunities)
- > Equal pay for men and women

## 9.1

### EMPLOYMENT

The company's headcount at 31 December 2014 is as follows:

BREAKDOWN BY GROUP 2014			
GROUP	N° OF PEOPLE	AVERAGE AGE	AVERAGE ANTIQUE
National Ground	11.840	44,73	17,56
Cabin Crew	3.218	43,42	17,64
Pilots	1.184	47,89	19,10
Local staff abroad	532	44,92	13,75
Spaniards outside the national territory	18	46,22	19,28
<b>TOTAL</b>	<b>16.792</b>	<b>45</b>	<b>18</b>

Of the 21 management positions abroad (Sales Managers or Administrators), 43% are held by local personnel.

Iberia performs its principal operations (passenger transport, handling in Madrid, MRO...) using its own employees, although some of the less important activities (centralised administration, cleaning of aircraft...) are outsourced to service providers.

The headcount per business area is shown below:



<b>BREAKDOWN BY BUSINESS AREA</b>			
	<b>GROUND</b>	<b>FLIGHT</b>	<b>TOTAL</b>
CORPORATE	728	n.a.	728
AIR TRANSPORT	1.899	4.402	6.301
AIRPORTS	6.740	n.a.	6.740
MAINTENANCE	3.023	n.a.	3.023
<b>TOTAL</b>	<b>12.390</b>	<b>4.402</b>	<b>16.792</b>

The Iberia headcount is gradually falling, as a result of the labour force adjustment plans (ERE), largely made through early retirements and voluntary redundancies to achieve a more streamlined organisation.

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
IBERIA	21.258	20.610	18.103	16.792

**“Iberia reaches agreement with pilots and ground staff for a voluntary reduction of headcount”**

In 2014 Iberia reached an agreement with the union representatives in respect of a new labour force adjustment plan, which is voluntary for both sides, which a maximum of 1,427 employees may apply for among ground staff and pilots. This new agreement is not applicable to flight attendants.

These agreements contemplate early retirements, voluntary redundancies, reduction of working hours and deferred transfers for those pilots and ground staff who wish to take up the opportunity.

The possibility of establishing a new agreement was discussed as part of the collective bargaining of the collective agreements signed by Iberia with its different employee groups in March and April 2014.

**Quality of employment**

Iberia’s commitment to quality, non-term employment is illustrated in the following table:

<b>BREAKDOWN BY TYPE OF CONTRACT</b>	
FIXED	14.464
PART-TIME FIXED	1.572
FIXED BATCH	47
EVENTUAL	709
<b>Total</b>	<b>16.792</b>

” Employees with temporary or part-time contracts enjoy the same welfare benefits as employees with non-term contracts



So 4.2% of the contracts are temporary, since the company has to adjust its headcount to the workload, which varies according to the seasonal nature of the activity. Each year certain temporary contracts are converted into non-term contracts, thereby contributing towards the creation of stable employment:

Nº of eventual contracts that passed to be fixed in 2014	122
--	-----

Employees with temporary or part-time contracts enjoy the same welfare benefits as employees with non-term contracts (medical assistance, access to grants, suggestion box prizes, special salaries and free plane tickets, among others).

The only difference lies in the Welfare Funds, of which temporary employees are not members (no contributions are made in their name).

Whit regard to wages, the relationship between wages in Iberia and Interprofessional Minimum Wage is:

Minimum wage (euros)	9.034,20
Minimum wage IBERIA (euros)	14.267,20
Average salary IBERIA (euros)	45.240,57

The average salary in Iberia is 5 times higher than the minimum wage. When comparing the highest salary in Iberia with the average salary (highest salary divided by average salary), the result is 11.95.

Spanish law stipulates when employees are to be given notice and the minimum time of that notice if the company plans to make a substantial change in their working conditions. Iberia complies with the times stipulated in the generally applicable laws and regulations.

During 2014, a total of 340 formal claims were received and settled, having been submitted (directly or through the unions) by employees including both flight and ground staff to the different committees.

**Employment of disabled workers – Compliance with the Disabled Persons Integration Act**

In pursuance of the applicable laws and regulations, Iberia must hire a number of disabled workers equivalent to no less than 2% of its headcount.

Owing to the company’s complex productive nature, it is especially difficult to incorporate disabled workers in a sufficient number to meet that quota so the company meets its legal obligation through the alternative measures stipulated in law.

These measures include commercial contracts with Special Employment Centres and donations and sponsorships in favour of Public Utility Associations. In both cases Iberia guarantees compliance through its collaboration with the ENVERA Association, mentioned later on in this Report.



**9.2.  
EMPLOYEE-  
MANAGEMENT  
RELATIONS**

**Union Representation**

Iberia employees have union freedom in all the countries in which it operates.

Flight staff are represented in the Flight Committee. The union representatives for Ground Staff act on a national level through the Inter-Workplace Committee and on a local level through 20 Workplace Committees and a further 17 workplaces nationwide have workers’ delegates.

Internationally, Iberia has workers' representatives in a large percentage of the countries in which it has employees.

The details of union affiliation are set out below:

PERCENTAGE OF UNION MEMBERSHIP	
Group	Percentage of membership through payroll
Ground	67,23%
Cabin Crew	33,49%
Pilots	100 %

## Internal communications

Internal communication in Iberia was marked in 2014 by the Communication Strategy, an initiative within the Future Plan qualified as cross-cutting, which goes hand in hand with the cultural change..

Efforts have focused on two main pillars:

**1. Internal Communication Plan:** This plan establishes actions designed to lay the foundations of a new, consistent, two-way, close style of paperless communication. Some of the measures include:

- Programming and planning of internal communications to employees and managers (results of the company, internal meetings, etc.)
- Forming of a weekly communication committee
- Simplification of communication channels
- Launching of new digital channels: ON AIR (internal TV channel), Hola Iberia (newsletter) and Iberia Pod (podcast).

**2. Communication of the Future Plan:** Constant communication of the company's Strategic Plan, which has been developed in three different phases:

- Structured communication plan: 1. Executives, 2. Managers and cascade
- Launching of the Teaser campaign
- Bolstering of the digital transformation, putting the focus on the Future Plan in all communications.

## Pulse Survey

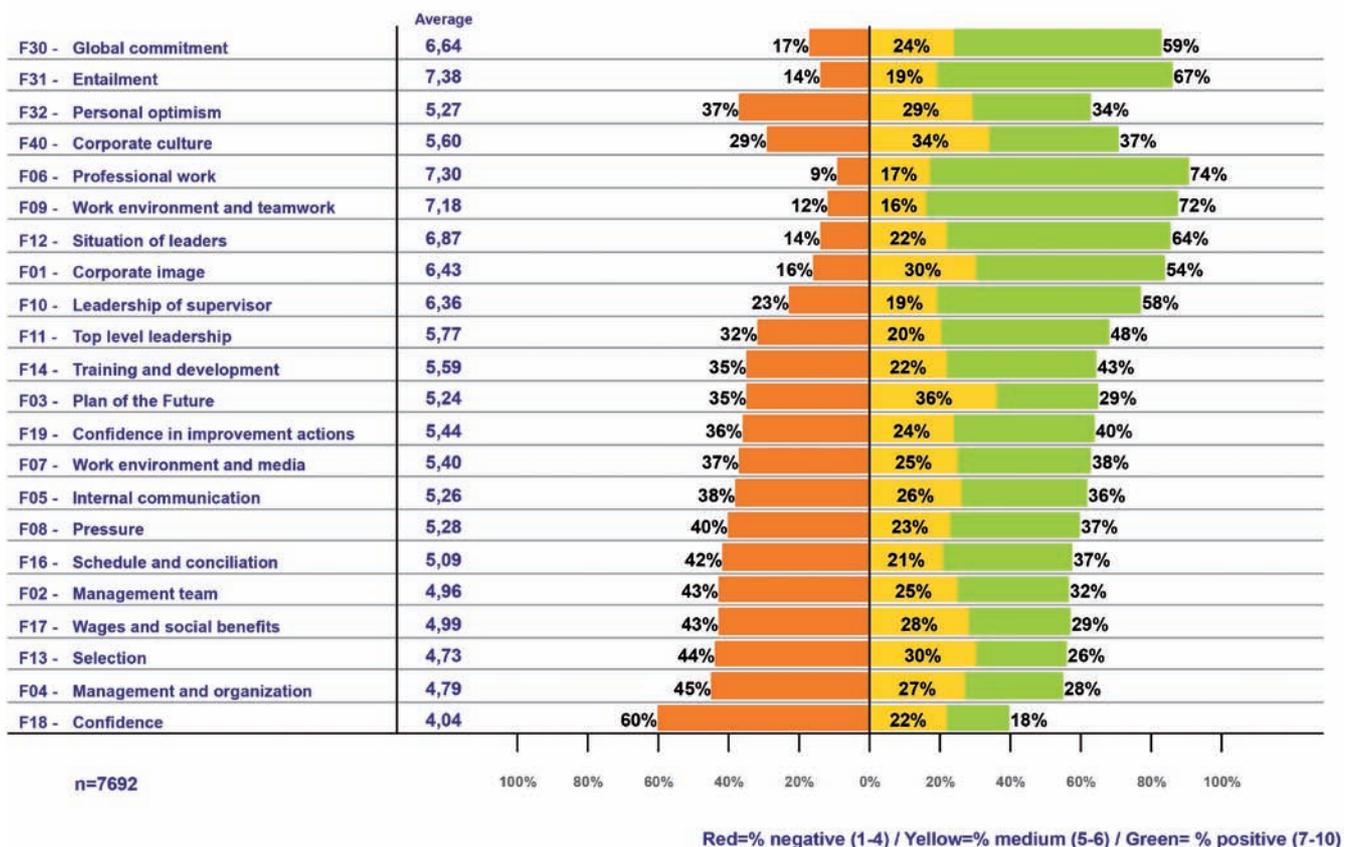
One of the cross-cutting initiatives of the company’s Future Plan, within the Cultural Change Programme, is the running of a pulse survey on work environment and employee engagement.

The purpose of this survey is to create a space for participation where anyone can express their opinion on significant issues regarding their work and the company, directly and confidentially, so that actions for improvement can be pinpointed based on a realistic, contrasted view of the situation. The ultimate aim is to strengthen everyone’s engagement in respect of the challenges and strategic priorities that are to guarantee our future.

Global participation was 44%, giving the company a realistic, contrasted view of the situation in Iberia.

This survey rates aspects such as general satisfaction, rating of the Future Plan, management and organisation aspects, leadership, culture and personal development, among others.

The outcome of this important strategic aspect is set out below:



A set of initiatives is being devised following analysis of the conclusions of the survey and will be implemented during 2015.

## Welfare funds

**Solidarity Fund:** These funds are used to meet social needs, such as aids for education, aids for disabled and chronically ill children, welfare loans, expenses incurred through sickness, among others. The fund is jointly financed in equal proportions by the company and employees, except in the case of cabin crew, who contribute 0.40% of their basic wage and the company contributes a fixed sum.

**Ground and Flight Staff Welfare Funds:** The company and each employee make monthly contributions (50% each) through their salary to the pension scheme, handled by Mutualidad Montepío Loreto, set up as a private pension and welfare institution in 1970 by the workers in the aviation sector. This fund covers disability and retirement benefits. In the case of flight crew, it also covers long-term temporary disability and death benefits.

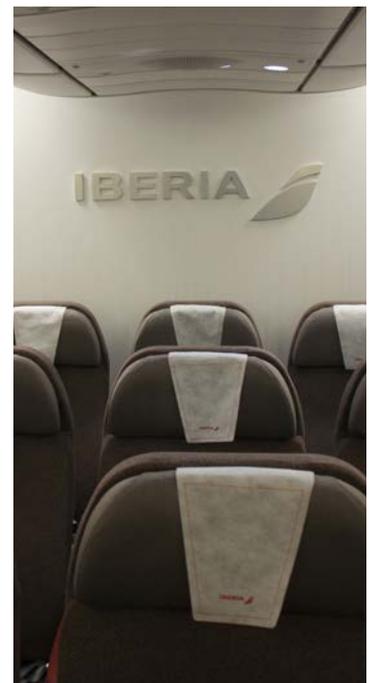
**Group Life Assurance Policy:** This assurance covers death and permanent disability. In the case of flight crew, it also covers the contingency of permanent loss of licence. It is 60% financed by the company and 40% by the employee.

## Other collaborations

**Club IBERIA:** This is a non-profit association that aims to promote leisure and sports activities among company employees and their families, thereby fostering values such as the family, solidarity and teamwork. The Club IBERIA budget is funded mainly with the membership fees and an annual contribution from Iberia, which also provides premises for the Club's offices and facilitates internal communication for all employees through the intranet.



**Club IBERIA:**  
This is a non-profit association that aims to promote leisure and sports activities among company employees and their families, thereby fostering values such as the family, solidarity and teamwork



**Iberia Veterans Association:** Set up in 1972, the main purpose of this Association is to offer all members an opportunity to participate in the different activities organised (cultural, sports, outings, travel, etc.) and provide the employees, those on early retirement and retired workers of Iberia, other companies in the Air Transport Sector or anyone else who is interested with the same opportunity to participate.

|||||

**9.3.**  
**HEALTH AND**  
**SAFETY AT WORK**

Iberia has an organisation which deals with the treatment and handling of occupational accidents, occupational hazard prevention and welfare action. It has the necessary human and economic resources, facilities and equipment, partly owned and partly through arrangements with external companies, entities and specialists.

Iberia has occupational hazard prevention plans and preventive action programmes.

The prevention plan is the tool facilitating the integration of prevention in the company and has the necessary procedures to perform preventive activities and include prevention aspects in the different management areas.

Another important function is counselling for the three types of Health and Safety Committees:

- Inter-Workplace committee
- Workplace committees
- Committee of the flight workplace, the peculiarity of which is that the workplace is unique.

Members of Iberia's Prevention Service are on all these committees.

Employees who have suffered accidents receive assistance in recovery, support and advice from the Aviation Medical and

Assistance area, applying adequate treatments and rehabilitation system according to the damage suffered by each injured employee.

<b>Number of Committees on Occupational Safety and Health</b>	<b>21 committees +1 committee intercentros</b>
No. of Prevention Delegates	102; 79 PD with committee+17 PD without committee +6 PD intercentros
% Of workers represented on Committees	100%
% Rate of absenteeism due to accidents	0.60% Total Iberia; 0,72% ground y 0,24% flight
% Claims compared to 2013	8,36%
Economic sanctions for prevention laws breach	3

	Men	Women
Number of days lost due to accidents or in itinere	14.526	16.174
Number of fatalities	1	0
Number of serious accidents	2	1
Number of minor accidents	547	474

Owing to the nature of the work done in Iberia, employees are not exposed to any risks of catching certain diseases as a result of their work.

The main objectives of employee training on occupational hazard prevention are those related with:

- Knowledge of the basic principles, including laws and regulations, to be familiar with and identify the risk factors related with their work.
- Understanding of the risks existing in their job, and the source, causes and possible effects on health of those risks should they materialise.
- Knowledge of the preventive measures to be applied in the job to control the risks.

<b>PREVENTION TRAINING IN 2014</b>	
Number of courses	441
Number of students	3.313
PRL training hours per employee	0,48

**9.4.  
HUMAN  
RESOURCES  
DEVELOPMENT**

The company continues working to strengthen the leadership of their executives and managers, providing them with tools to help them manage and develop their teams, encouraging feedback on performance focusing on the areas of improvement, with a unique, distinguished style in line with the values of the new Iberia.

One of the cross-cutting initiatives of Iberia’s Future Plan is the cultural change transforming Iberia into a High Performance organisation. To achieve this transformation, several initiatives are being implemented around three working areas:

**Guarantee employee engagement:** Increase and guarantee engagement by the entire organisation, so that employees assimilate the challenges, goals and values of the company, thereby achieving a greater individual involvement and better team results.

**Have the best professionals:** Attract and retain talent, offering a stimulating work environment and recognition, promoting development of the employees’ potential to increase the company’s success.

**Improve cross-cutting:** Promote cross-cutting, collaborating work throughout the company with a view to transforming Iberia and achieving better results than could be achieved with a classic organisation.

For this purpose the Human Resources team has developed processes for the assessment cycle in which the power profile of the company’s leaders is rated every year:



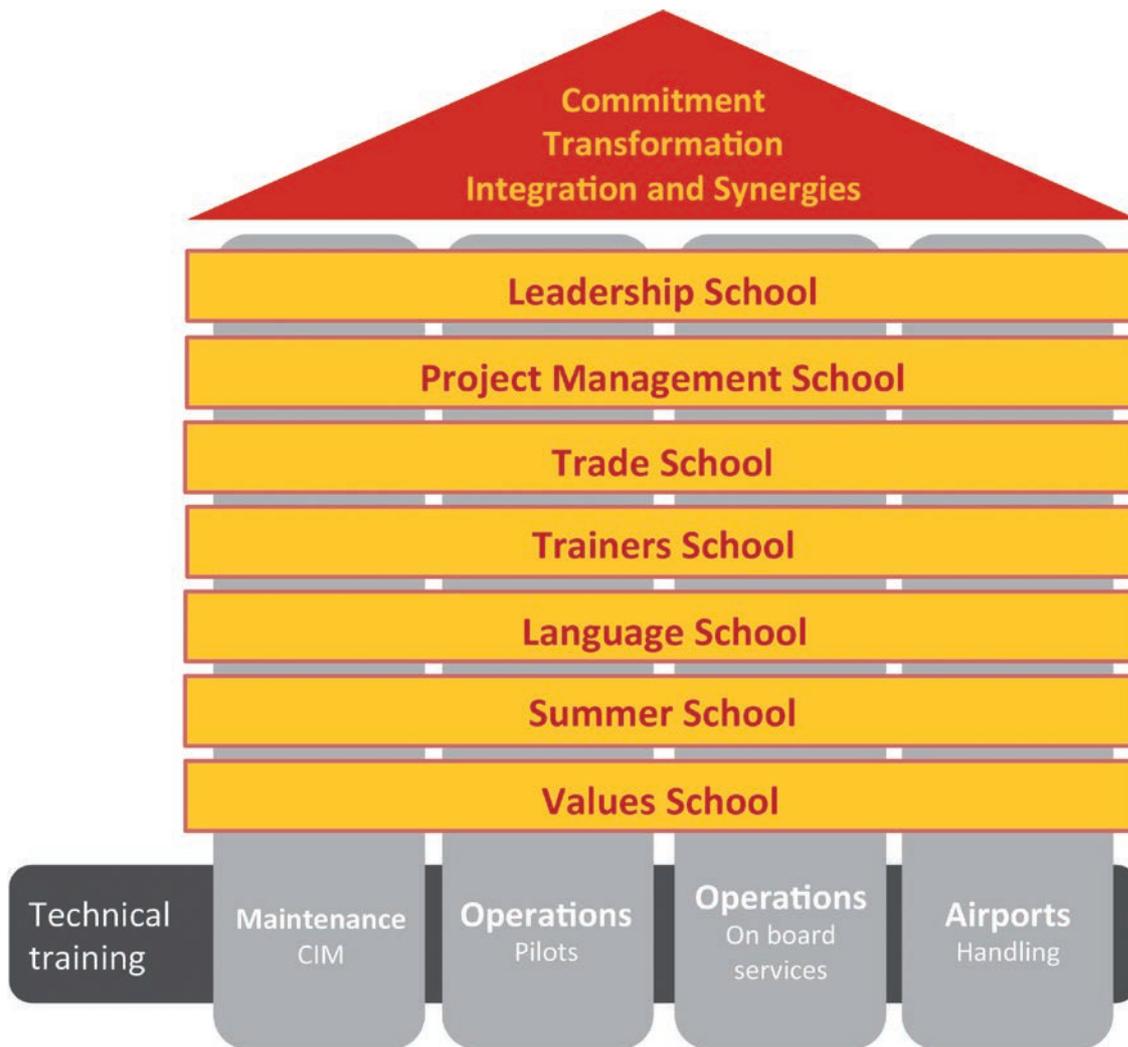


We describe below how Iberia meets the human resources development goals through tools such as training and processes linked to the attraction of talent.

## Training

Iberia considers training to be an essential, necessary pillar to guarantee the qualification of all those working in the different operating scenarios, in order to be able to respond to the sector requirements, the high quality and safety objectives set by the company and the applicable regulations.

In this regard, a hefty investment is made in training and development every year led by the Human Resources Management, which coordinates and designs the company's joint training plan. That plan covers technical/regulated training schemes and training in the development of skills required for the different business activities, fully in line with the aviation requirements and the strategic business and company objectives.



In view of the circumstances of air transport, highly regulated and in constant adaptation to new procedures and changing needs of customers, Iberia is clearly committed to ensuring that its employees have a high level of experience and the necessary expertise, which unquestionably requires a great deal of training in operations, both for new employees and through ongoing training (mostly qualifications, licences and certificates in compliance with the laws, regulations and requirements in place within the sector).

The Principles of the Learning Model in Iberia are:

- **Be a strategic lever of the company:** Culture and Values of Iberia
- **Alignment with business:** Improvement of Individual and Company Performance
- **Professional development:** Individual Training Plans

The results of training given in 2014 are:

TRAINING DATA 2014	
Number of courses	8.820

	Men	Women
Number of students	68.782	41.827
Hours taught (MONITOR)	52.029	24.813
Hours / student	354.384	193.902
Administrative / Support Services	16	

No. average hours per job category	
Superior Group Managers and Technicians	47
Pilots	75
Cabin Crew (TCP)	37
Technicians / Specialists	48
Administrative / Support Services	16

As a result of the high level of specialisation and the specific nature of the technical expertise, a large part of the training is designed and given by internal instructors, selected from among the expert employees in each functional and business area. Iberia is very proud of the high level of its internal training staff.



The important work done at the technical instruction centres is worthy of special mention:

**Maintenance Instruction Centre:** The purpose of this centre is to develop and provide the necessary technical training, both basic and refresher, in the Technical Department, covering the maintenance and engineering areas of the company. Within this area training is given, among other aspects, on engines, aircraft maintenance, aircraft parts and capacities required to comply with the applicable regulations EASA 147 and EASA 145.

” The important work done at the technical instruction centres is worthy of special mention



**Operations Instruction Centre:** The purpose of this centre is to train the technical crew (captains and co-pilots) and maintain their qualifications to be able to reach and maintain the high level of expertise required by their duties.

Owing to the high level of professionalism, Iberia has the corresponding qualifications to be able to provide much of the technical training given at this Instruction Centre, complying with all the requirements stipulated by EU OPS, AESA and all the regulations applicable on a national and international level.



**In-flight Service Instruction Centre:** This centre trains the cabin crew to operate safely and efficiently, complying with all the requirements stipulated in EU OPS and other requirements of the Spanish Civil Aviation Authority. It also provides training to engage chief flight attendants and other cabin crew in the constant search for excellence in their performance, with a view to improving quality and customer service.



” It also provides training to engage chief flight attendants and other cabin crew

## Grants and internships

Iberia has agreements with several Spanish and international universities and training institutions, offering to collaborate with the government and academic institutions to implement the educational system, both by adapting vocational training modules specifically for the air-traffic sector and by offering Spanish and foreign undergraduates, graduates and vocational training students an opportunity to acquire work experience.

The main objective of the Graduate Programme is to help the interns to get their first job, adjusted to the company’s business needs. In turn, it also helps to detect graduates with potential and candidates for Career Development Plans.

INTERNSHIP PROGRAM 2014	
Contractual innovations to employees	5
Scholars who have been engaged in practices in 2014	1
Contracted practices and contracts relays that have consolidated in 2014	24

SCHOLARSHIPS AGREEMENTS	
Educational Cooperation Students	21
Vocational Training Students	9
Postgraduate scholarships for graduates	30

## Attracting talent

Iberia is constantly talent-spotting, both internally and externally, considering talent to be one of the critical factors for guaranteeing the company’s competitiveness.

Internally, the company has established different selection protocols and competence profiles to detect the professionals with the greatest potential in the company. Once spotted, those professionals receive support through Personal Training



Programmes, Continuous Assessment and Vocational Development and Succession Plans, through which talent is channelled towards the required field of specialisation or management and included in specialised leadership development programmes designed to guarantee a smooth take-over of all key management and executive positions at all times, having professionals capable of applying their talent to the circumstances required from time to time for the company's business.

**IBERIA,  
ONE OF THE MOST  
ATTRACTIVE TRANSPORT  
COMPANIES FOR EMPLOYMENT**

**In 2014 Iberia was chosen as one of the most attractive companies in the aviation and transport sector for employment, according to Randstad, leader in global human resources solutions, in the fifth edition of its annual awards.**

**The study, in which 23 countries in which the company operates participate, has analysed 4,300 companies and polled over 200,000 people. The Randstad Employer Branding Report is the largest independent international study in the world on employment attraction.**

## 9.5. DIVERSITY AND EQUAL OPPORTUNITIES

As regards diversity, the company has a policy of hiring local personnel, such that, apart from a few positions within the structure of some commercial management areas, which are held by people sent from Spain, the majority of the company's employees are nationals of the countries in which Iberia operates as a multinational.

BREAKDOWN OF STAFF BY QUALIFICATION AND GENDER 2014						
WORKING GROUP	WOMEN		MEN		TOTAL	
	Nº	%	Nº	%	Nº	%
Top managers and technical group	403	43,3%	528	56,7%	931	5,5%
Aircraft maintenance technicians	34	1,4%	2.373	98,6%	2.407	14,3%
Ground equipment maintenance technicians	0	0,0%	5	100,0%	5	0,0%
Facilities maintenance technicians	0	0,0%	5	100,0%	5	0,0%
Operation and maintenance of information systems and communications technicians	8	19,0%	34	81,0%	42	0,3%
Data processing technicians	4	16,0%	21	84,0%	25	0,1%
Administratives	3.032	69,8%	1.314	30,2%	4.346	25,9%
Support services	365	9,3%	3.539	90,7%	3.904	23,2%
Flight/ground staff	24	37,5%	40	62,5%	64	0,4%
Aircraft maintenance assistants	7	5,2%	127	94,8%	134	0,8%
<b>Ground subtotal (a)</b>	<b>3.877</b>	<b>32,7%</b>	<b>7.986</b>	<b>67,3%</b>	<b>11.863</b>	<b>70,6%</b>
Ground staff abroad	242	45,9%	285	54,1%	527	3,1%
<b>Ground subtotal (b)</b>	<b>242</b>	<b>45,9%</b>	<b>285</b>	<b>54,1%</b>	<b>527</b>	<b>3,1%</b>
Pilots	58	4,9%	1.126	95,1%	1.184	7,1%
Cabin crew	2.297	71,4%	921	28,6%	3.218	19,2%
<b>Flight subtotal (c)</b>	<b>2.355</b>	<b>53,5%</b>	<b>2.047</b>	<b>46,5%</b>	<b>4.402</b>	<b>26,2%</b>
<b>TOTAL (A + B + C)</b>	<b>6.474</b>	<b>38,6%</b>	<b>10.318</b>	<b>61,4%</b>	<b>16.792</b>	<b>100,0%</b>

PYRAMID OF AGE OF THE STAFF BY GENDER % OF WOMEN/MEN IN EACH AGE GROUP				
	WOMEN	MEN	TOTAL	%WOMEN
< 30	125	484	609	20,53%
30-50	4.998	6.646	11.644	42,92%
> 50	1.351	3.188	4.539	29,76%
<b>TOTAL</b>	<b>6.474</b>	<b>10.318</b>	<b>16.792</b>	<b>38,55%</b>

## GENDER DIVERSITY

### IBERIA'S FIRST FEMALE CAPTAIN ON LONG-HAUL FLIGHTS



The pilot Marta Pérez-Aranda is the first female captain on Iberia's transatlantic flights.

Marta earned her title as captain January 6, 2014 and made her first flight piloting an Airbus A340-300 operating the flight IB6827 to Sao Paulo.

Marta Pérez-Aranda was born in Salamanca in 1961 and graduated from the National Aviation School in 1984. She began her career as flight instructor at the Zaragoza Aero Club and as a pilot in Mac Aviation SA. Marta joined Iberia in 1988 as co-pilot in the Boeing B727 fleet. She moved on to be co-pilot in the Airbus A300, Boeing B757 and Airbus



A340 fleets and, in October 2010, she was promoted to captain in the Airbus A320 fleet. Just four years later Marta has become the first female captain on Iberia's long-haul flights.

### ALL-WOMEN CREW FOR SAO PAULO



In 2014, for the first time in Iberia's history, one of its long-haul flights has had an all-women crew.

With a female captain and two female co-pilots at the controls, one senior flight attendants and eight flight attendants, all women, served the almost 350 passengers flying on board this Airbus A340-600 to Sao Paulo.



Within the organisational structure, the distribution of men and women in management positions is shown below:

TITLE	WOMEN	MEN
Director	18%	82%
Head	31%	69%
Manager	36%	64%
Responsible for	32%	68%
<b>TOTAL</b>	<b>32%</b>	<b>68%</b>

The salaries of employees are established in their respective collective agreements according to their professional rank, seniority and position.

For employees not covered by collective agreements (management, senior staff), pay is negotiated between the company and the employee following criteria of specialisation, experience, duties, etc. with no discrimination on grounds of sex, race or any other criteria.

The salary spread over the different structure levels is shown below:

TITLE	% AVERAGE DIFFERENCE WOMEN / MEN
Head	3,77%
Manager	-4,46%
Responsible for	-6,30%

### Work-life balance policies

Reduced working hours for legal custody have been applied within the company to promote childbirth and protect maternity, paternity and care of the elderly, which benefits were taken up in 2014 by a total of 1,689 employees. The company takes account of the risks that employee's work may entail for pregnancy and breastfeeding, especially within flight crews, permitting different possibilities for reducing working hours, temporary suspensions of contract and the processing of benefits, all regulated by collective agreement.

The relevant figures, by gender, are:

Number of workers benefited from Reduction Day for Legal Guardian in 2014	Men	Women	Total
Ground	137	354	491
Flight	344	854	1198
Cabien Crew	125	826	951
Pilots	219	28	247
<b>TOTAL</b>	<b>32%</b>	<b>68%</b>	

### Internal Selection Processes

IBERIA upholds principles of merit, capacity and efficiency in the performance of professional duties in its internal regulations of progression and promotion.

Iberia has a Job Posting policies for selection processes, as a key tool to support mobility and equal opportunities for internally filling vacancies within the company. Vacancies, not only in Iberia but also in the IAG Group, JBA and even British Airways, are posted each week indicating the job profile or characteristics, so that anyone who believes they meet the requirements for a post can submit an application to be assessed by the recruitment services.

A total of 225 vacancies were posted and filled in 2014, practically double the number in the previous year. The positions filled included:

- 23 management positions
- 16 senior positions
- 37 opportunities within the Group: IAG/BA/JBA
- 27 senior operating positions in the different businesses
- 101 positions as agents/analysts/technical staff
- 6 Career Posting opportunities

### Combatting discrimination and harassment

As indicated in its Code of Conduct, IBERIA undertakes to continue its policy of action based on the development and running of all selection processes with no discrimination on grounds of race, origin, religion, gender, political or union ideas, sex, marital status, age or disability.

IBERIA also understands that the careers of its employees are closely linked to their integral personal development. For this reason it promotes the furtherance of its employees in an environment with equal job opportunities and where non-discrimination is guaranteed.

IBERIA does not and will not tolerate under any circumstances any form of sexual harassment, abuse of authority, offence or any other form of aggressiveness or hostility.

To guarantee compliance with these principles, the disciplinary measures established in the collective agreements contemplate these situations as a very serious fault.

In particular, the Flight Attendants and Pilots collective agreements stipulate that: "Any conduct or behaviour at work that violates the respect of a person's privacy and dignity through physical or verbal offence, including those of a sexual nature. If that conduct or behaviour takes place from a position of hierarchical superiority, this will be considered an aggravating circumstance."

The Ground Staff collective agreement defines as very serious faults: "Sexual harassment or sexual aggression, verbal or physical, directed against the dignity or privacy of persons" and "psychological harassment" (bullying).

In 2014 Iberia received no claims for discrimination on grounds of age, race, religion or sex.

During the year 3 complaints of bullying were dealt with following the protocol in place in the company for this type of complaints. The company has published protocols for action in cases of complaints for bullying and sexual harassment or on grounds of gender, to guarantee the correct handling of the complaints, the related investigations and taking of the appropriate action.

## 9.6. ASSESSMENT OF SUPPLIER EMPLOYMENT PRACTICES

One of the most important elements in the preventive management of companies is the coordination of business activities, which must be applied when employees of different companies work in the same workplace. Under prevailing laws, the purpose of this coordination is to ensure:

- Correct application of the working methods by the companies operating in the workplace.
- Control of interaction between the different activities performed at the workplace.
- Adjustment of prevention measures to suit the risks existing at the workplace which might affect the employees of the different companies operating there.

During 2014 Iberia continued with the work necessary to install a computer tool facilitating management of the Coordination of Business Activities.

Among several others, Iberia has Internal Regulation SH-203 on Safety and Hygiene, on the Coordination of Business Activities. These regulations require both the company and the companies providing services for Iberia to exchange information, using the attached documents, on any occupational hazards that may arise for both Iberia employees and those of the contractor as a result of the provision of those services.

Coordination of Business Activities clauses are thus included in all the company's contracts, whereby contractors declare that they are familiar with and apply the measures required under prevailing occupational hazard prevention provisions and are aware of their obligation to exchange information on occupational hazards, as indicated in Regulation SH-203.

# 10. | Human Rights

## MATERIALITY

### **Principal Stakeholders for which aspects regarding Human Rights are material:**

- > Shareholders and Investors
- > NGOs and welfare organisations
- > Society at large

### **Principal Material Aspects in order of importance:**

- > Agreements and contracts containing Human Rights clauses and employee training in this matter
- > Discrimination incidents and actions taken

Iberia performs its business activity in accordance with the highest standards regarding human rights. The Code of Conduct of the Iberia Group contemplates its pledge to respect and protect the human rights and public freedoms recognised in the Universal Declaration of Human Rights and the principal international agreements on this subject, ensuring that the principles contained in those agreements are present in all its policies.

Iberia did not receive any human rights claims (discrimination, freedom of association, child labour, forced labour, etc.) during 2014 through any of the available channels.

## 10.1. UN GLOBAL COMPACT: PRINCIPLES

The Global Compact is an initiative which companies, unions and organisations of civil society may freely join to apply the Ten Principles thereof in their strategies and operations. Iberia, by joining the Global Compact, voluntarily accepts the commitment to incorporate the Ten Principles in its everyday activities and report to society, publicly and transparently, on the progress it makes in their implementation, through Progress Reports.

Principles:

Area	Principle	Location in this report
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Section 10
	Principle 2: Make sure that they are not complicit in human rights abuses.	Section 10
Job scope	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Section 9
	Principle 4: The elimination of all forms of forced and compulsory labour.	Section 10
	Principle 5: The effective abolition of child labour.	Section 10
	Principle 6: The elimination of discrimination in respect of employment and occupation.	Section 9
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	Section 8
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	Section 8
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Section 8
Anticorruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Section 11

**10.2.  
HUMAN RIGHTS  
TRAINING**

Within its mandatory rules of conduct for all directors, executives and employees, Iberia’s Code of Conduct establishes the obligation to respect and protect the human rights and public freedoms recognised in the Universal Declaration of Human Rights. Consequently, employees must second this commitment within their duties, ensuring compliance of that obligation in the performance of all their professional activities.

In 2014, 2,205 employees and executives of Iberia selected according to their duties and responsibilities did the online course of this Code, which included the text of the Universal Declaration of Human Rights and an explanation of the international standards that Iberia had undertaken to incorporate: the UN Global Compact; ILO Fundamental Conventions and the Millennium Development Goals.



**10.3.  
RESPONSIBLE  
PROCUREMENTS**

Iberia and IAG are firmly committed to developing responsible procurement policies which oblige suppliers to comply with the applicable standards on human rights, ethics and protection of the environment.

With regard to the use of local suppliers, considering the nature of Iberia’s business activities, the sourcing of its procurements is divided into two major groups, those which cannot be purchased locally and a large volume of local purchases linked to the flight operations in the countries in which we operate:

- Centralised procurement: Fleet, parts, handling equipment, software...
- Local procurement: Handling, fuel, catering, security services, hotels...

The management of Iberia’s procurements and contracting is geared towards achieving the company’s goals, regulated by law and internal procedures and guided by the following general principles:

1. Internal customer satisfaction
2. Compliance with the law
3. Free competition
4. Transparency and confidentiality
5. Caution

In addition to these principles, IAG has created a Responsible Procurements monitoring team in the supply chain of the different group companies.

IAG undertakes to supply goods and services obtained from suppliers who can prove certain ethical principles in the way they run their business and engages with suppliers on rules of quality, safety, environmental responsibility and human rights. The tendering process established includes a questionnaire to assess aspects of Corporate Social Responsibility (CSR) and our labour policies and standards. These questionnaires are checked by the contracting area. Clauses are included in the bidding terms and conditions and the contract regarding, among other aspects:

- Confidentiality
- Industrial property
- Data protection
- Labour commitment
- Environmental commitment
- UN Global Compact
- Compliance



Compliance with these clauses is assessed with adequate frequency according to the monitoring information, the level of risk for the company's reputation and criticality for the value chain.

The clauses on the UN Global Compact require all suppliers awarded contract to:

- Support and respect the protection of internationally proclaimed human rights within their respective spheres of influence.
- Make sure that they are not complicit in human rights abuses.
- Support, in the labour area, the freedoms and rights of their employees established in principles three, four and six of the Global Compact.
- Support the effective abolition of child labour.
- Support a precautionary approach to environmental challenges and encourage the development and diffusion of environmentally friendly technologies.
- Undertake any necessary initiatives to promote greater environmental responsibility.

In 2014, procurements within IAG and its companies were centralised. IAG negotiates and establishes relations with suppliers who are committed to improving standards in the supply chain.

IAG also continues to strengthen its association with Sedex, a non-profit organisation that promotes improvements in responsible and ethical business practices in global supply chains.

The company currently has local contracts which, by nature and in view of their small economic value, are not centralised so the controls defined in this point are not applicable to them. Although the controls established for each of the aspects linked to human rights are established in the vast majority of tendering procedures, owing to the complexity of the supplier base, it is not possible to give an exact percentage of the extent.



DE JANEIRO

# 11. | Society

## **MATERIALITY**

### **Principal Stakeholders for which aspects referring to the Society are material:**

- > NGOs and welfare organisations
- > Shareholders and investors
- > Employees

### **Principal Material Aspects in order of importance:**

- > Measures adopted to combat corruption
- > Centres with local community development programmes

Iberia has an adequate control system to manage its contributions, enabling continuous assessment to adjust the company's social actions to the established strategy. In this regard, Iberia organises its welfare action to contribute directly or indirectly to the achievement of the Millennium Development Goals marked out by the United Nations in 2000, by contributing funds and resources to solidarity projects.

The actions developed and their main locations are described in the following points. No material adverse effects on local communities were identified during the reporting period.

The details of significant fines (valued by IAG as those exceeding 20,000 USD) can be consulted in the Corporate Responsibility sections of the IAG Annual Report.

## 11.1. PRINCIPAL SOCIAL DEVELOPMENT ACTIONS

### National Transplant Organisation

Iberia collaborates with this Organisation by providing transport of organs for transplants.

Organs for transplant need to be transported rapidly and precisely, in specially conditioned coolers, since once they have been extracted they have a limited usability time.

In October 2014, coinciding with the 25th anniversary of the National Transplant Organisation, Iberia received recognition from the NTO for all the support it has given them for their work.

Over these years the Spanish airline has provided transport for organs on its flights, expediting their transportation and collaborating to guarantee their survival.



Amadeus, Iberia and UNICEF Spanish Committee joined forces in December 2013 in a pioneer project to collect micro-donations for UNICEF children's survival projects. Through a technological platform developed by Amadeus and incorporated in iberia.com, every time customers purchase plane tickets they can make a donation of 3-20 euros, which goes directly to UNICEF.

### **Iberia.com customers have donated 200,000 euros to UNICEF**

Over these first 12 months, more than 36,000 customers of the airline have participated in this solidarity campaign, raising 200,000 euros to help the global UNICEF vaccination campaign.

The funds raised during 2014 have been applied to the "100% Children Vaccinated" campaign, which aims to eliminate polio and other diseases in high-risk countries such as Afghanistan, Angola, Chad, Democratic Republic of the Congo, Nigeria, Pakistan, South Sudan and Yemen.

In particular, the donations were assigned to the vaccination programme in Chad and have helped to protect the lives of 600,000 babies by vaccinating them against diphtheria, tetanus, polio, whooping cough, tuberculosis and measles.



Since 2001, Iberia has collaborated by providing transport for seriously ill children whom the Foundation takes to different places to make their dream come true and live an unforgettable experience that fills them with excitement. Its mission is to bring happiness to children who suffer from serious illnesses, enriching their lives through personal experiences of hope, strength and joy. Iberia, as official transport company, helps fill these children with enthusiasm and by making their dreams come true they manage to overcome negative emotions such as fear, distress or loneliness, transforming them into vitality, energy and a renewed desire and enthusiasm to fight their illness.

### We put wings on dreams

In 2014 we were able to help children like Carlos (15), who flew to Zurich to meet the world chess champion Magnus Carlsen and play a game with him; Óscar (15), who managed to have a mini-motorbike and race in a circuit; Arnau (9), who handed Fernando Alonso a model car that he had made for him; and Guillermo (9), who managed to “find out everything” about the television programme El Hormiguero.

They all felt unique and special thanks to the efforts of the Make-A-Wish Spain Foundation to help their dreams come true; a trip which often begins by a reception of the red jackets at the airport and the engagement of all the staff to make that Iberia flight a shared, unforgettable experience.



### Spanish International Cooperation and Development Agency (AECID)

Iberia cooperates with this Association through agreements, which include special discounts for passenger or cargo tickets on its flights.

In 2013 AECID celebrated its 25 anniversary of fighting poverty. Several commemorative events were held from the date of the anniversary of its creation, 11 November, to 6 January 2014.



## MANO A MANO

This NGO was founded in 1994 by Iberia employees to use the free space in the bellies of company flights to send humanitarian aid to countries hit by natural disasters or wars and deliver that aid without middlemen, i.e. "hand to hand" ("Mano a Mano" in Spanish).

It brings children from different countries, together with their families, to Spain on Iberia flights for specialist medical attention. Once in Spain, Mano a Mano provides them with accommodation and anything else they may need. It also manages all sorts of aid projects in developing countries. Iberia donates air tickets and cargo space to Mano a Mano and provides the space and supplies they need for their activities.

The details of actions organised by this NGO can be seen in the breakdown of UN Millennium Development Goals.



Envera, formerly APMIB (Iberia Employees Parents of Disabled Children Association), was set up in 1977 by company employees with children with special needs, this association focuses its activities on the protection and social integration of physically, mentally or sensorially handicapped children. The Foundation provides protection and social and educational assistance for any handicapped people who so wish, or who are orphans or in a situation of neglect. Not only that, it also offers them the possibility of a job suited to their abilities, so that they can develop their personal and professional lives.

The Envera group is a non-profit organisation working for social and labour integration. Its mission is to secure the social and labour integration of handicapped people through integral assistance throughout their life cycle. Its services cover the complete life cycle of handicapped people, meeting their needs in the different stages of their lives, working on the development of their sensorial and physical skills from their infancy up to old age.

They assist 1,500 people with functional diversity and have 330 places in assisted services. They employ 468 handicapped people in their Special Employment Centres and have a total of 181 professionals.

In 2014 Envera hired 67 handicapped people through its Special Employment Centres and Outsourcing Services. In total, the Group's Labour Insertion Service counselled 174 people during the year and found jobs in other companies for 58 people with functional diversity.



**11.2.  
MEETING THE  
UN MILLENNIUM  
DEVELOPMENT  
GOALS**

Iberia’s Social Action collaborations related with the Millennium Development Goals:



**Eradicate extreme poverty and hunger**

**TARGETS:**

- Halve the proportion of people living on less than 1 dollar a day.
- Halve the proportion of people who suffer from hunger.

**PROJECTS:**

- Donation by Mano a Mano to the soup kitchens of San Alfonso María de Ligorio in one of the poorest districts of Lima and to orphanages in Santa Anita, Lima, Peru.
- Remittance by Mano a Mano of food for the soup kitchen of the Basakato Welfare Centre in Equatorial Guinea.
- Donation by Mano a Mano of funds to purchase food for the Philippines following the typhoon which devastated part of that country.
- Remittance by Mano a Mano of food and clothes to Pozo del Tío Raimundo, in the Vallecas district of Madrid within the soup kitchens project.
- Collaboration by Mano a Mano in Madrid, Spain, with Asociación Plataforma 21, donating food for the district Alameda de Osuna, which attends the needs of around 200 families.

- Collaboration by Mano a Mano in the form of school meal grants for children at a school in Madrid, Spain.
- Kg donation campaign (“Operación Kilo”) at Iberia facilities, in collaboration with Gate Gourmet, in which employees donated food the Association Manos de Ayuda Social - Ventas Soup Kitchen.
- Transfer of humanitarian aid for different Mano a Mano projects, mainly in Latin America, Africa and Spain.
- Holding of a “Christmas solidarity market” at the Iberia facilities to raise funds for Mano a Mano projects.



## Achieve universal primary education

### TARGET:

- Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

### PROJECTS:

- Donation by Mano a Mano to the autistic children’s association “Accede a un respiro” in Alcorcón, Madrid.
- Collaboration by Mano a Mano to transport books to a school in Guatemala.
- Collaboration by Mano a Mano to transport books to Peru, donated by a publisher of children’s books.
- Collaboration by Mano a Mano for building a wall around Santo Tomás de Valencia School in Santa Rosa de Lima, Peru, of great help owing to the complicated relief of the land.
- Collaboration by Mano a Mano to build a computer room and toy libraries in certain centres in Lima, Peru.
- Donation by Mano a Mano to the “A compás del Flamenco” project in Cuba; 130 girls from underprivileged families receive aid to be able to learn Spanish Flamenco dancing.
- Donation by Mano a Mano to the Computation Project of the Dominican Nuns in Cuba; hundreds of children in Havana are taught how to use computers.

- Donation by Mano a Mano to collaborate with a nursery in Chambo, Ecuador, providing personal toys and toy libraries.
- Collaboration with Mano a Mano to create three toy libraries and donation of toys in Equatorial Guinea.
- Collaboration with Mano a Mano for the donation of toys in the projects being developed in Ecuador.
- Free carriage of PCs by Iberia in collaboration with AMADEUS for educational and social projects in Africa and South America.
- Sponsorship by Iberia of Carolina Foundation.
- Collaboration by Mano a Mano for the creation of two football schools in Santo Domingo Haina (port near the capital), in San Judas Tadeo School and in the village Paraíso.
- Holding of a “Christmas solidarity market” at the Iberia facilities to raise funds for Mano a Mano projects.
- Collaboration by Mano a Mano to organise a multi-cultural children’s camp, “We all fit in”, at Los Navalmorales, Toledo.
- Continuous collaboration with the ENVERA group, which provides life-long assistance to handicapped people.
- Collaboration with the Dyslexia and Family Foundation for the attendance of several congresses in America.



**Promote gender equality and empower women**

**TARGET:**

- Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels of education by the end of 2015.

**PROJECTS:**

- Donation by Mano a Mano to the sewing workshop in El Pozo del Tío Raimundo, in the Vallecas district of Madrid, Spain.
- Collaboration by Mano a Mano to set up a sewing workshop in Egypt.
- Sponsorship by Iberia of the Women for Africa Foundation.

**Reduce mortality in children under 5****TARGET:**

- Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.

**PROYECTOS:**

- Donation of tickets by Iberia to transport sick children without resources, in collaboration with Mano a Mano, to be operated on or treated in Spain.
- Collaboration between Mano a Mano and the Spanish Federation of Parents of Children with Cancer.
- Donation and sending of hospital material for the shelter for terminal patients in Basakato, Equatorial Guinea.
- Collaboration by Mano a Mano in the Dominican Republic, where assistance was extended through the Emergency Store for several hospitals in the country, including the Robert Reed Children's Hospital in the capital and several medical dispensaries serving a varied population.
- Collaboration by Mano a Mano in Santo Domingo to create sanitary areas in different schools in Santo Domingo (capital), in the districts 27 de Febrero and Los Corales, the school in the south, in Paraíso and the one in the north, in Mao.

- Collaboration with Mano a Mano in the Dominican Republic to help associations of children with the Down syndrome.
- Collaboration by Mano a Mano with the Spanish Medicines Authority for the donation and transfer of medicines to Dakar, Senegal.
- Collaboration through Mano a Mano with the Foundation Fighting Leukaemia in Murcia.
- UNICEF: Micro-donations programme organised by Iberia and Amadeus through which Iberia customers may, if they so wish, offer a donation to UNICEF. The campaign is progressing favourably, with more than 200,000€ collected so far.



**Improve maternal health**

**TARGET:**

- Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.

**PROJECTS:**

- Donation by Mano a Mano for the medical centre in Ñómalas, Chulucanas-Piura (Peru), for young pregnant women and newborns.
- Collaboration by Mano a Mano in the Dominican Republic, where assistance was extended through the Emergency Store for several hospitals in the country, including the Robert Reed Children’s Hospital in the capital and several medical dispensaries serving a varied population.
- Collaboration through Mano a Mano with the Foundation Fighting Leukaemia in Murcia.



## Combat HIV/AIDS, malaria and other diseases

### TARGETS:

- Have halted by 2015 and begun to reverse the spread of HIV/AIDS.
- Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

### PROJECTS:

- Collaboration with the “Fight against AIDS” Foundation.
- Donation by Mano a Mano to build a shelter for terminal patients in Basakato, Equatorial Guinea.
- Donation of tickets by Iberia to transport sick children without resources, in collaboration with Mano a Mano, to be operated on or treated in Spain.
- Collaboration with Mano a Mano and the Spanish Federation of Parents of Children with Cancer.
- Sponsorship agreement between Iberia and the Drug Addiction Help Foundation.
- Collaboration through Mano a Mano with the Foundation Fighting Leukaemia in Murcia.
- Collaboration through Mano a Mano with the Women for Africa Foundation to take humanitarian aid to Africa to increase the safety of the medical professionals in the fight against ebola.
- In the Dominican Republic, where assistance was extended through the Emergency Store for several hospitals in the country, including the Robert Reed Children’s Hospital.

- Collaboration by Mano a Mano with the Spanish Medicines Authority for the donation and transfer of medicines to Dakar, Senegal.
- Collaboration with the Dyslexia and Family Foundation for the attendance of several congresses in America.
- Collaboration between Iberia and the National Transplant Organisation.
- UNICEF: Micro-donations programme organised by Iberia and Amadeus through which Iberia customers may, if they so wish, offer a donation to UNICEF. The campaign is progressing favourably, with more than 200,000€ collected so far.



## Ensure environmental sustainability

### TARGETS:

- Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.
- Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.
- By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

### PROJECTS:

- See the Environment sector for programmes regarding the reduction of emissions and waste generation.



## Foster a world alliance for development

### TARGETS:

- Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.
- Address the special needs of least developed countries.
- Address the special needs of landlocked developing countries and small island developing States.
- Deal comprehensively with the debt problems of developing countries.

### PROJECTS:

- Commitment to the Global Compact principles.
- Master Agreement on CSR with UNICEF and AMADEUS.
- Sponsorship by Iberia of the Spanish International Cooperation and Development Agency (AECID).
- Sponsorship by Iberia of Carolina Foundation.



### 11.3. IBERIA ANTI-CORRUPTION POLICY

Iberia's anti-corruption and anti-bribery measures are included within its Crime Prevention Programme, which is, on the one hand, a set of measures intended to prevent, detect and react to possible offences within the process of adapting to the responsibilities imposed by the Spanish Penal Code and, on the other, a commitment to permanent surveillance and penalising of unethical conduct and maintaining effective mechanisms of communication and awareness of all employees to encourage a preventive culture.

Iberia manages this risk through the Programme, the general structure of which is designed, in accordance with the best practices and the applicable international laws, around the following four pillars:

- Existence of clear policies and adequate management of the risk
- Communication and awareness processes for all employees
- Continuous monitoring of high-risk processes
- Specific controls in relations with third parties

Iberia has an anti-corruption standard setting out the company's policy, with a clear commitment to ensuring ethical behaviour and compliance with the law by its employees and related third parties. This standard regulates the conduct of employees both in general and in specific situations, such as possible conflicts of interest, the prohibition of political activities or adequate management of donations. The standard supplements the Code of Conduct and other related laws and regulations, including the regulations on conduct by civil servants or the corporate hospitality policy.

The anti-corruption programme, and its goals, is assessed and planned for the entire IAG Group in the Compliance Committees, in which Iberia and the other Group companies participate, so covers activity throughout the network.

All anti-corruption rules and regulations are approved by the bodies established by Iberia, published and made available to all employees, wherever they are. The Compliance Regulations establish the obligation for all employees to be familiar with internal regulations and external laws and to guarantee compliance. In addition to the traditional channel for communication of regulations, the anti-corruption policies and procedures are explained in the anti-corruption training given, according to criteria and ratings of the employees' positions and duties.

Iberia provides in-person training for its own employees and key suppliers in Spain and other countries, according to risk criteria taking account of their responsibilities and positions. This training is supplemented with online training on Iberia's Code of Conduct and anti-corruption e-learning and on-the-job training of each employee.

All members of the governance bodies have received anti-corruption training.

The most significant risks are related with the country in which the activity is performed (country risk criterion), the nature of the operation (performed by public offices or commercial activities), the use or otherwise of intermediaries and the volume of the operation. The different points of the Programme concerning rules, controls, training and reporting are developed according to the results of the assessment made.

In 2014 the company did not receive any claims or fines for any cases of corruption in the performance of its activities.

## **Due Diligence**

In order to comply with the company's Anti-corruption Policy and internal regulations on Compliance, the company regularly carries out Due Diligence processes on third parties dealing with it, particularly tenderers for contracts and commercial brokers, according to different criteria established. Those processes assess the transparency, lawfulness and efforts of third parties to fight corruption and according to the results contracting with those third parties is accepted or barred. In 2014, Iberia has conducted Due Diligence processes on 108 tenderers and 8 commercial brokers.

In addition, the anti-corruption regulations and rules on corporate hospitality are sent to suppliers and advisers with contracts in force with different areas of the company. So far they have been sent to over 325 suppliers. Since this information is sent every two years, in 2015 the process will be repeated with the present suppliers.

**11.4.  
PUBLIC  
POLICIES OF THE  
ORGANISATION**

According to the Iberia Group's anti-corruption regulations, all activity performed within the Group must strictly respect the guidelines established in the applicable laws and regulations, both external and internal (Iberia and IAG) to avoid any potential criminal offences related with that activity (such as corruption between individuals, bribery, alteration of prices in competitive tendering and public auctions, money laundering, corruption in international commercial transactions, etc.) and/or unethical conduct not acceptable for the company.

In general, it is strictly forbidden within the Iberia Group to make any kind of donation in cash or in kind to political parties or associations. Nor may the cost of their purchases of goods, work or services or any other expenses generated by their activity be covered, in full or in part.

The constraints established in prevailing laws and regulations regarding incompatibilities of senior officers are scrupulously respected in the hiring of employees and executives.

Consequently, no contributions have been made to political parties, in cash or in kind, during 2014.

**11.5.  
COMPLIANCE  
WITH RULES ON  
COMPETITION**

Iberia has several policies and procedures for compliance with rule on competition, forming part of the IAG Group's antitrust programme. This programme is based on a specific risk matrix at IAG level and it is implemented through the senior management's commitment to the approved compliance strategy, particularly the compliance commitment within the company's Code of Conduct, the internal guidance of employees through the Competition Compliance Manual and specific guidelines, training initiatives, internal whistleblowing channel and process monitoring.

No formal proceedings have been instituted against Iberia in 2014 for issues relating to Competition.

## 11.6. COMMITMENT TO PASSENGER RIGHTS

The company remains committed to compliance with the European Aviation Customer Commitment, a code of conduct signed on 2 July 2002 together with the other airlines in the European Airline Association (AEA), in which obligations are established such as respecting the agreed price, providing any information requested on the company, notifying passengers of any incidents and providing assistance, expediting the payment of refunds and attending reduced-mobility passengers and minors, among others.



Iberia deals with passenger claims in accordance with the prevailing European regulations on compensation and assistance to passengers in the event of denied boarding, cancellation or long delay of flights (Regulation (EC) No 261/2004 of the European Parliament and of the Council of 11 February 2004).

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## 11.7. COMMITMENTG TO PRICE TRANSPARENCY

Iberia publishes the final prices of its tickets, including all the different elements comprising each price, such as fuel surcharges, issue charges or airport taxes, such that the announced price is the final price of purchasing the ticket.

In the study made by the Department of Consumption of the European Commission on compliance with EU legislation on airline ticket sales on Internet, Iberia is one of the European airlines that fully respect those laws, for its price information transparency and consumer protection in the services offered on Iberia.com.

# 12. | Product Responsibility

## MATERIALITY

### Principal Stakeholders for which Product Responsibility is material:

- > Customers
- > Society at large
- > Shareholders and Investors
- > Associations

### Principal Material Aspects in order of importance:

- > Categories of products and services in which safety and impact on health are assessed
- > Customer satisfaction surveys
- > Confirmed complaints regarding customer privacy and data

## 12.1. COMMITMENT TO CONTINUOUS IMPROVEMENT

The company continues investing in the continuous improvement of its service, with a clear focus on coming up to our customers' expectations.

Iberia has modified its long-haul Business Class, with larger seats, internet connection, movie premieres using a new system of in-flight entertainment, gourmet cuisine and an excellent selection of wines, as well as an impeccable pre-flight ground service.

The new long-haul Economy Class offers passengers individual 9" touch screens with intuitive navigation and access to films currently showing and international movie premieres.

These enhancements are installed in all the A330 aircraft and are gradually being installed in the A340 fleet.

### **INNOVATIVE SERVICE TO FIND LOST PROPERTY FOUND ON BOARD AIRCRAFT OR IN THE VIP LOUNGES**



Around 12,000 objects a year are left behind on board aircraft or in the VIP lounges of Iberia. To facilitate the search, Iberia has launched a new service on [www.iberia.com](http://www.iberia.com) to help customers locate their lost property.

Now, any items found in the VIP lounges and aircraft are kept at each airport for the first day and if they are not claimed they are photographed so that customers can find them through the website.

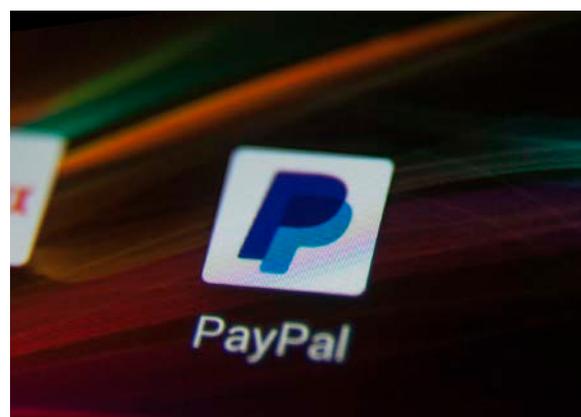
Iberia is the first airline in Spain and one of the few in the world that offer this innovative service. Iberia thus improves its customer service throughout their travel experience, from when they book their tickets to any incident that may occur on arrival.

### **IBERIA.COM NOW ALSO ALLOWS PAYMENT WITH PAYPAL**



Iberia.com has incorporated a new payment option for its customers, PayPal, one of the most widely accepted Internet payment methods in the world.

This payment option is an easy, convenient, secure way of making payments on Internet without having to type in the card number. When customers buy their tickets, they must select PayPal in "payment details"; log in with their user and password and choose the form of payment associated with their PayPal account.



**IBERIA CUSTOMERS CAN NOW USE THEIR ELECTRONIC DEVICES THROUGHOUT THE FLIGHT**

Since last year, Iberia has allowed the use of electronic devices on board its aircraft in all phases of the flight.

The company obtained authorisation from the Spanish Aviation Safety Agency (AESA) for its passengers to have devices such as mobile phones, tablets, e-books or music players on in airplane mode throughout the flight, including take-off, landing and taxiing. Devices that do not have "airplane mode" must be switched off throughout the flight to guarantee safe operation.

This authorisation is valid for flights operated by Iberia. On flights operated by other airlines with the Iberia code, the specifications of those companies will be applicable.

**FIRST AIRLINE IN SPAIN AUTHORISED TO OFFER IN-FLIGHT WI-FI AND GSM CONNECTIVITY**

Iberia has also obtained authorisation from AESA to offer in-flight internet access through the Wi-Fi network and GSM connection, a service which the company will put into operation progressively, informing its customers on each long-haul flight as to its availability.

Iberia is the first airline in Spain to have this authorisation.

**AGREEMENT BETWEEN IBERIA AND SAMSUNG TO APPLY THE LATEST TECHNOLOGIES IN AIRPORT PROCESSES**

In 2014 Iberia and Samsung signed an agreement of intent to boost the use of new technologies in the different stages of check-in and boarding at airports, significantly improving customers' travel experience.

In particular, through the use of NFC (Near Field Communication) technology, the aim is for Iberia customers with Samsung phones with NFC will be able to go through the security control or board their flight using their mobiles, even though they are switched off. This technology will also be offered for speedy check-in,



including the bag tag, with all the information it contains, in the NFC boarding card.

This process is faster than the existing optical barcode readers, so when the new devices are operational, customers will go through security control much quicker and boarding time will be considerably shortened, with added convenience for passengers and more efficient operation for airlines.

### **IBERIA AND SAMSUNG LAUNCH A "WEARABLE" BOARDING CARD**

Iberia and Samsung joined forces in 2014 to offer the iberia.mobi services, including the boarding card, in the new mobile devices that Samsung has just brought out.

Customers will thus be able to wear the boarding card on their wrist and will not need anything else to board their flight. Moreover, in a future version of the Iberia App for Android, if customers check in using their mobile device and have synchronised a Samsung Gear 2, their boarding cards will be downloaded automatically onto their wearable device.

### **BAG TAGS CAN BE ISSUED THROUGH WWW.IBERIA.COM FOR 10 INTERNATIONAL DESTINATIONS AND CONNECTING FLIGHTS**

Since mid-last year, Iberia has allowed customers to download their bag tags through [www.iberia.com](http://www.iberia.com) for 10 international destinations in Latin America and Switzerland and all connecting flights with these destinations within Spain operated by Iberia, Iberia Express and Iberia Regional / Air Nostrum.

The main advantages of the MyBagTag service for customers are its greater flexibility and convenience for checking in. This service also considerably reduces the formalities to be completed at the airport and allows customers to save time and travel more conveniently.

**RAMÓN FREIXA DESIGNS THE IBERIA BUSINESS CLASS MENUS FOR EUROPE**

Iberia has completely renovated the menus it offers in Business class on its short and medium haul flights. A multi-disciplinary team from several areas of Iberia, together with the company's principal catering provider and the four chefs who counsel Iberia, have worked jointly to develop a new global gastronomic concept, based on high quality ingredients and products from the Mediterranean diet.

These new menus also reflect the values of Iberia's new brand image: Spanish cuisine flavours in simple recipes, with the seal of quality and touch of distinction of Ramón Freixa.

**WE HOLD ONLINE BOOKINGS FOR UP TO 72 HOURS PRIOR TO PURCHASE**

Last year the company launched a new service enabling our customers to maintain the price of the flight booked on its website or Serviberia for 72 hours without having to issue the ticket. After making the booking through iberia.com or Serviberia, the customer may choose whether to extend its validity for three days before issuing the ticket, for a cost of 5 euros if the booking is on a short-haul flight, or 10 euros if it is on a long-distance route. This amount will

be deducted from the price of the ticket when the purchase is confirmed.

This new service is the result of a joint project with British Airways. Therefore, this possibility is available for all bookings made on iberia.com or through Serviberia for Iberia flights and codeshare flights with British Airways or whenever flights of both airlines are included in the same ticket.

**OUR NEW BRAND IMAGE IS ONE YEAR OLD**

On 21 November 2014 we celebrated the first anniversary of our new brand image. This image is the symbol of and one of the most prominent features and our Future Plan, which seeks to achieve a strong, modern, competitive Iberia, with a leading position in the aviation sector. A company in which talent and enthusiasm shine in each of its different parts.

As regards consolidation of the new brand image by our customers, a measurement made in September produced favourable results: our customers have improved their opinion of us, valuing our "customer-orientation", "modern features", "service" and "value for money".

In addition, Iberia has a very broad insurance programme, taking out policies with top-ranking Spanish insurance companies and reinsurance with highly solvent companies on international markets to guarantee cover in keeping with the best practices on the air traffic market and exceeding in all cases the minimum requirements stipulated in the Spanish Air Navigation Act and International Conventions.

## 12.2. OPERATING SAFETY

Iberia's Operating Safety Policy is our first and foremost commitment to our customers, the Aviation Authorities and our employees, the safety of our flights being Iberia's priority value. This commitment to safety is included in Iberia's Operation Manual and distributed among all employees and suppliers.

The Safety Management System (SMS) is a set of processes implemented within the organisation to obtain and analyse information and make coordinated operating decisions, in order to mitigate and control any safety risks that may arise in respect of operation. In other words, it focuses on continuous improvement in the safety management of all Iberia's operations.

The key tasks in the SMS are, therefore:

- Identification of hazards: Method for identifying any hazards that may arise in our operations.
- Safety Reporting: Procedure for all and any employees to report any significant observations regarding safety: risks, errors, incidents.
- Risk Management: Method for assessing risks and taking actions to mitigate them, depending on the level of risk entailed.
- Measuring of indicators: Periodical monitoring of ratios defined by the company that are important for safety (impacts in handling, errors in maintenance, system

alerts of flying close to ground), to guarantee permanent improvement and maintenance of all safety levels.

- Compliance Supervision: Checking that mitigating measures are applied.

**IOSA audit passed successfully**

In early 2014, IOSA (an internationally recognised and accepted evaluation system designed to assess the operating management and control systems of an airline) made a full audit of the company for renewal of the IOSA Certificate. The areas audited were Flight Operations, Handling, Crew Training, In-Flight Service, MRO, Cargo, Safety, SMS Management and Quality and the Certificate was successfully renewed as there were no discrepancies with the 700+ requisites and only three observations in respect of the 116 recommendations.

With this certificate Iberia is internationally recognised as one of the companies that comply with this stringent operating safety and quality requisite.



**12.3.  
QUALITY  
OF SERVICE  
(PUNCTUALITY  
AND PQL)**

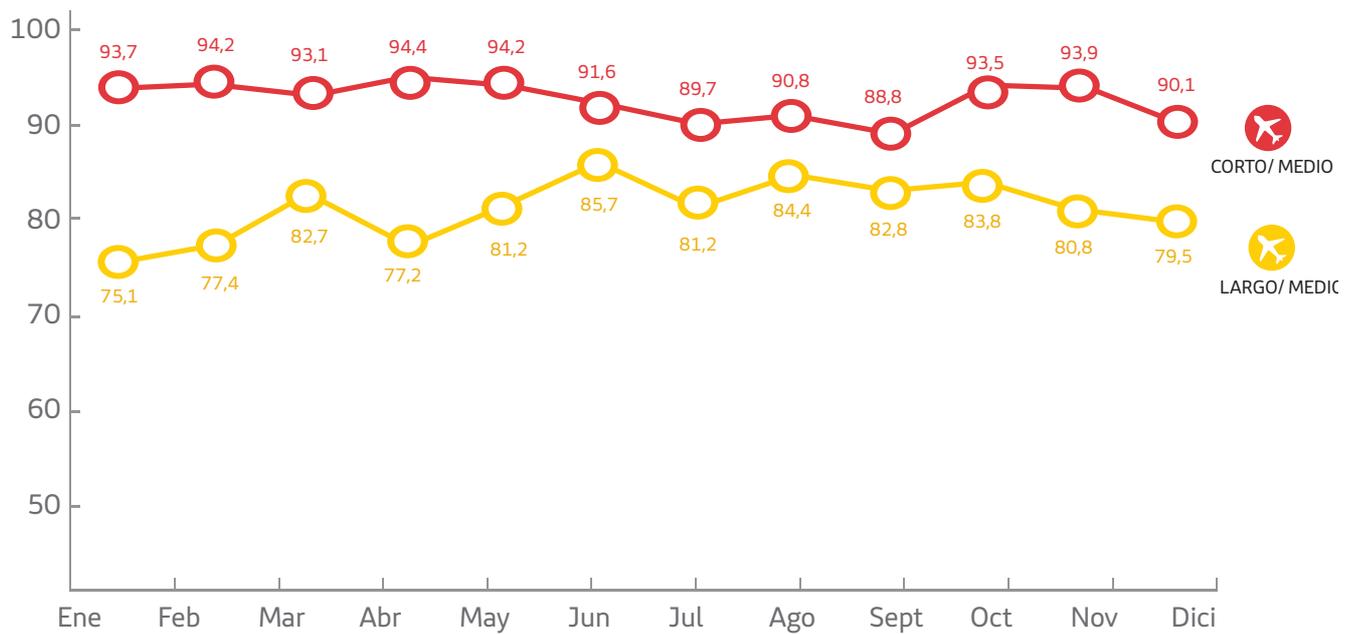
**Punctuality**

Iberia has been named the third most on-time international airline in the world in 2014 by Flightstats, which draws up a ranking every month measuring the punctuality in flight arrivals of the airlines in the different parts of the globe.

In 2014, 88.46% of Iberia's flights arrived on time, so it rose up the ranking with almost a two percentage point improvement

on its punctuality in 2013. Iberia Express was the most punctual low cost airline in the world.

On-time departures represented 92.3% of short and medium haul flights and 81.1% of long haul flights:



Flight punctuality is one of the values most highly appreciated by passengers and Iberia has established numerous internal controls to improve it, including specific rules, watchdog committees, cause analysis and decision-making, checking of operating processes, etc.

## Customer satisfaction

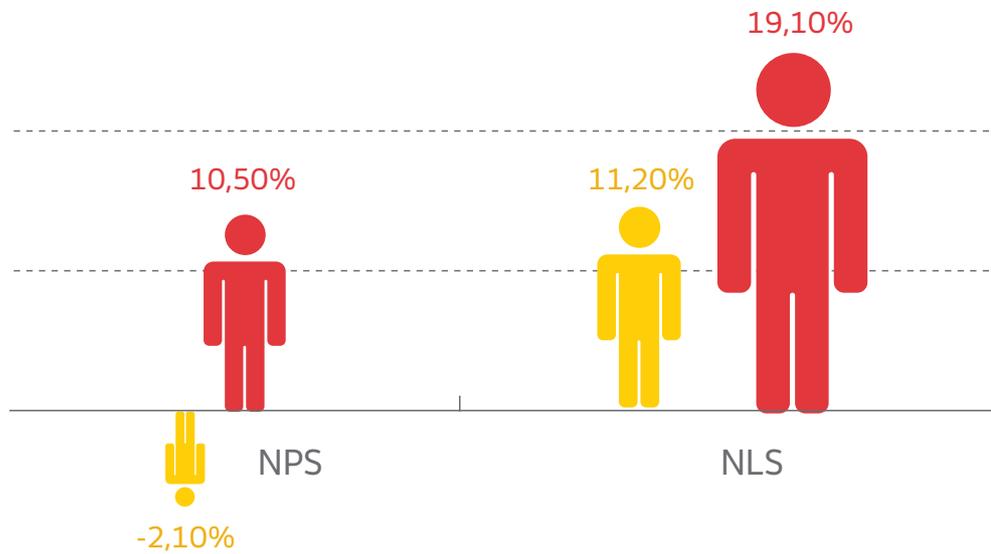
The principal indicators used by Iberia to measure customer satisfaction, its strategic stakeholder, and the results obtained in 2014 are:

### 1. Results of Perceived Quality Level

Customer satisfaction is sounded out in Perceived Quality Level (PQL) Surveys, which measure their assessment of the quality of service received, on ground and in flight. The surveys, done online, also include a free text section for customers to make whatever suggestions they may consider appropriate. Based on a total of 32,809 surveys, the overall satisfaction level in 2014 was 7.46 out of 10, compared to 7.30 obtained in 2013.

As regards the other two quality measuring indexes:

1. The NPS (Net Promoter Score), which measures the number of “promoters” and “critics” of the company through a recommendation question: If a friend or relative were to ask, would you recommend IBERIA?
2. The NLS (Net Loyalty Score), which focuses on customer loyalty with the following question: If Iberia covers the destination, would you consider flying with us on your next flight?



**Both indexes are calculated as follows:**

$NPS \ \& \ NLS = \% \text{ PROMOTERS} - \% \text{ CRITICS}$

PROMOTERS = 9 & 10

CRITICS= 0, 1, 2, 3, 4, 5 & 6

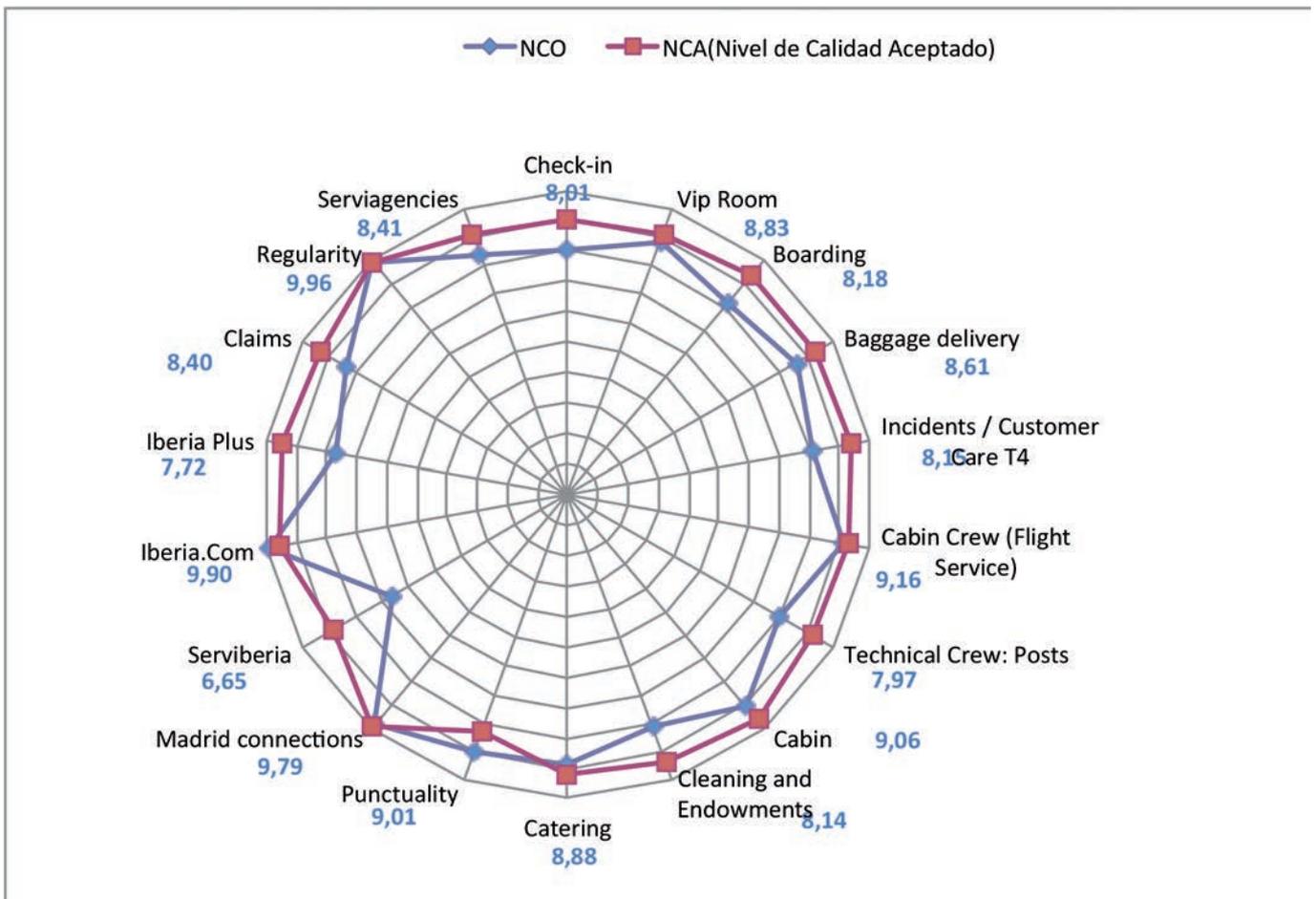
**2. Results of Obtained Quality Level**

Compliance with the service quality standards set by the company is supervised by measuring the obtained quality level (OQL).

The methods established give agents on-line access to information on service quality analysing 300 aspects related with the customer services.

The overall OQL in 2014 was 8.6, compared to 8.8 in the previous year.

As a sample of the information provided, the following graph shows the results of the measurements by services in respect of the goal set (Acceptable quality level, NCA).



### Launching of Customer Experience Programme

In April 2014 the Management Committee approved the Customer Experience Training Programme, intended to raise the satisfaction of Iberia customers, incorporating the new brand in the conduct and routines of all our employees, converting them into representatives of the new Iberia.

This programme will have cross-cutting training activities for all sections of the workforce in direct contact with customers, placing special emphasis on on-the-job training in order to transform each person in their relationship with each customer.

**12.4.  
QUALITY OF  
SERVICE (CLAIMS)**

Iberia considers adequate handling of customer claims and incidents a key asset in customer service. For this reason, Iberia proactively handles those claims with a view to meeting customers’ needs. The main ratios relating to claims handling in 2014 were:

Relative to passage	79.806 3,78 claims for every 1000 passengers
Relative to luggage	80.345 4,43 claims for every 1000 passengers

The information from claims is used by the Customer Experience areas as a source of information for continuous improvement of the service.



**12.5.  
QUALITY OF  
SERVICE  
(AIRPORTS AND  
MRO)**

**Quality in the Airport Business**

A total of 84 audits were received in 2014, from 30 customer companies at 18 network airports. The purpose of these audits was to check compliance with both the applicable laws and the manuals and procedures of each operating company. The aspects most audited are: organisation, training, procedures, coordination, loading and unloading of aircraft, check-in and boarding, maintenance of handling equipment, supply of drinking water and cleaning of aircraft. All deviations detected (mostly relating to specific non-fulfilment of procedure) were remedied satisfactorily within the times established after putting into action the corresponding corrective actions.

All the customer companies receive an annual satisfaction survey, which is completed online. The 67 questions of the survey are designed to assess aspects related with:

passengers, ramp, flight operations, baggage, cargo, de-icing and commercial services.

The analysis of the results from the survey sent out at the end of 2014 reveals very positive details, with average satisfaction values of between 7.75 and 9, the average global rating of Iberia Airport Services of 8.03 (compared with 7.72 in 2013).

The average score in customer satisfaction for each category of services is shown below:

• "Passenger services":	7.75
• "Ramp services":	7.76
• "Flight operations":	8.30
• "Baggage":	7.93
• "Cargo and mail":	8.08
• "De-icing":	8.37
• "Commercial services":	9.00
• Global score for "Iberia Airport Services" :	8.03

### Quality in the MRO Business

The maintenance business is performed in a highly regulated environment (official quality agencies, countries, international aviation authorities) which requires specific certificates linked to permanent audits.

The principal service quality indicator is the continuous renewal of the different certificates authorising the performance of aircraft MRO.

The large number of qualifications of Iberia Maintenance can be seen on its specific website [www.iberiamaintenance.com](http://www.iberiamaintenance.com). The Technical Department commercial team is currently working on the implementation of quality measuring systems focusing on customer needs.

## 12.6. CUSTOMER PRIVACY

Iberia is seriously committed to complying with our obligations in respect of the privacy of our customers. The highest quality standards are applied in information security in order to guarantee this right, for which we have security policies that comply with the applicable law, i.e. the Organic Law on Personal Data Protection (LOPD).

We have established access policies to the different systems to guarantee personal, non-transferable access. Moreover, access is designed to ensure that each user has access only according to a profile according to their duties. The access formats used comply with security standards, such as their encrypted storage, which guarantee adequate use. In addition, regular tests are made and back-up copies are made to avoid any loss of information in the event of an incident.

To make sure that the high standards required are met, we comply with the requirements set by the International Standardisation Organisation (ISO) for both continuous quality management (UNE-ISO 9001), which certifies the controls established in IBERIA to guarantee data integrity, and UNE-ISO/IEC 27001: 2007, which is specific for security of the information and guarantees the Information Security Management System (SGSI).

No incidents attributable to Iberia occurred in 2014.

## 12.7. COMMUNICATION CHANNELS

Iberia has several procedures for gathering information on the expectations of its stakeholders, including its communication strategy in the social networks. It is one of the most active Spanish companies in this area and one of the most highly valued airlines in the Spanish digital environment, as indicated by the leading online reputation agencies, TREI and SocialBakers, among others.

Since Iberia opened its channels in social networks in 2010, it has always demonstrated a clear service vocation. Iberia's strategy in the social media has always been to approach customers, providing them with useful, interesting information, try to solve any queries its followers may raise and run specific marketing campaigns to increase customers' identification with the brand.

In 2014 Iberia increased its customer service through social networking, particularly its Facebook and Twitter profiles in English and Spanish, to 24 hours, with a view to continuing its process of improving customer experience in all areas.

The following table shows the presence of Iberia in the principal social networks:

RED SOCIAL	Nº SEGUIDORES
 FACEBOOK	1.292.576
 TWITTER	390.895
 TUENTI	216.388
 GOOGLE +	3.843
 INSTAGRAM	10.630
 PINTERST	602
 LINKEDIN	21.386
 YOUTUBE	6.003
<b>TOTAL</b>	<b>1.942.323</b>

## **12.8.**

### **ADVERTISING ETHICS**

Iberia belongs to the Commercial Communication Self-Regulation Association (Autocontrol), which is a self-regulation system of the advertising industry, ensuring that there are guarantees of reliability and credibility in advertising. It thus assumes the ethical undertaking to exercise responsibly the freedom of commercial communication and helps to strengthen advertising self-regulation as a means for guaranteeing respect for its stakeholders' rights.



GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>STRATEGY AND ANALYSIS</b>				
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Section 1 CR Report	No	AENOR
G4-2	Report the key impacts, risks and opportunities.	Section 1 and 6.2 CR Report	No	AENOR
<b>ORGANIZATIONAL PROFILE</b>				
G4-3	Report the name of the organization.	IBERIA, L.A.E., S.A. OPERADORA, SOCIEDAD UNIPERSONAL	No	AENOR
G4-4	Report the primary brands, products, and services.	IBERIA LINEAS AEREAS IBERIA AIRPORT SERVICES IBERIA MANTENIMIENTO	No	AENOR
G4-5	Report the location of the organization's headquarters.	C/ Martínez Villergas 49, 28027, MADRID (ESPAÑA)	No	AENOR
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	42 countries Spain and Latin America	No	AENOR
G4-7	Report the nature of ownership and legal form.	SOCIEDAD ANÓNIMA UNIPERSONAL. It belongs to the shareholders of International Airlines Group (IAG)	No	AENOR
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Air Transport Business: Spain, Europe, America, Africa and Middle East. Business Maintenance & Airport Services: Spain, Europe, America and Africa. From Spain, attends airlines around the world.	No	AENOR
G4-9	Report the scale of the organization, including:			
	Total number of employees	Section 9.1 CR Report	No	AENOR
	Total number of operations	Section 2.2, 2.3, 2.4 and 7.1 CR Report	No	AENOR
	Net sales or net revenues	Section 7.1 CR Report	No	AENOR
	Total capitalization broken down in terms of debt and equity	Section 7.1 CR Report	No	AENOR
	Quantity of products or services provided	Section 2 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ORGANIZATIONAL PROFILE</b>				
G4-10	Staff information			
	Report the total number of employees by employment contract and gender.	Section 9.1 and 9.5 CR Report	No	AENOR
	Report the total workforce by employees and supervised workers and by gender..	Section 9.1 and 9.5 CR Report	No	AENOR
	Report the total workforce by region and gender.	Section 9.1 and 9.5 CR Report	No	AENOR
	Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	Section 9.1 CR Report	No	AENOR
	Report any significant variations in employment numbers	Section 9.1 CR Report	No	AENOR
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	Section 9.2 CR Report	No	AENOR
G4-12	Describe the organization's supply chain.	Section 2 CR Report	No	AENOR
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Section 1.2 CR Report	No	AENOR
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Section 6.2 CR Report	No	AENOR
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Section 10.1, 11.1 and 12.2 CR Report	No	AENOR
G4-16	List memberships of associations and national or international advocacy organizations.	Section 2.10 CR Report	No	AENOR
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.	Section 5 CR Report	No	AENOR
G4-18	Explain the process for defining the report content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content. """"	Section 4 and 5 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-19	List all the material Aspects identified in the process for defining report content.	Section 4 CR Report	No	AENOR
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Section 4 and 5 CR Report	No	AENOR
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Adaptation to the model GRI4	No	AENOR
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Adaptation to the model GRI5	No	AENOR
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Adaptación al modelo GRI4	No	AENOR
<b>STAKEHOLDER ENGAGEMENT</b>				
G4-24	Provide a list of stakeholder groups engaged by the organization.	Section 3 CR Report	No	AENOR
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Section 3 CR Report	No	AENOR
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Section 3 CR Report	No	AENOR
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Section 3 CR Report	No	AENOR
<b>REPORT PROFILE</b>				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	2014	No	AENOR
G4-29	Date of most recent previous report (if any).	2013	No	AENOR
G4-30	Reporting cycle (such as annual, biennial).	Annual	No	AENOR
G4-31	Provide the contact point for questions regarding the report or its contents.	responsabilidadcorporativa@iberia.es	No	AENOR
G4-32	Report the 'in accordance' option the organization has chosen.	Exhaustive	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>REPORT PROFILE</b>				
G4-33	<p>a. Report the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</p> <p>c. Report the relationship between the organization and the assurance providers.</p> <p>d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</p>	Section 5 CR Report	No	AENOR
<b>GOVERNANCE</b>				
G4-34	Report the governance structure of the organization.	Section 6.1 CR Report	No	AENOR
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Section 6.1 CR Report	No	AENOR
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Section 6.1 CR Report	No	AENOR
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Section 6.1 CR Report	No	AENOR
G4-38	Report the composition of the highest governance body and its committees	Section 6.1 CR Report	No	AENOR
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Section 6.1 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>GOVERNANCE</b>				
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Section 6.1 CR Report	No	AENOR
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum.	Section 6.1 CR Report	No	AENOR
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Section 6.1 CR Report	No	AENOR
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Section 6.1 CR Report	No	AENOR
G4-44	<ul style="list-style-type: none"> <li>- Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.</li> <li>- Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.</li> </ul>	Section 6.2 CR Report	No	AENOR
G4-45	<ul style="list-style-type: none"> <li>- Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</li> <li>- Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</li> </ul>	Section 6.2 CR Report	No	AENOR
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Section 6 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>GOVERNANCE</b>				
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Section 6 CR Report	No	AENOR
G4-48	a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Section 6 CR Report	No	AENOR
G4-49	a. Report the process for communicating critical concerns to the highest governance body.	Section 6 CR Report	No	AENOR
G4-50	a. Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	Section 6 CR Report	No	AENOR
G4-51	a. Report the remuneration policies for the highest governance body and senior executives.	Section 6.1 CR Report	No	AENOR
G4-52	a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Section 6.1 CR Report	No	AENOR
G4-53	a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Section 6.1 CR Report	No	AENOR
G4-54	a. Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Section 6.1 CR Report	No	AENOR
G4-55	a. Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Section 6.1 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ETHICS AND INTEGRITY</b>				
G4-56	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Section 6.4 CR Report	No	AENOR
G4-57	a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Section 6.5 CR Report	No	AENOR
G4-58	a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Section 6.5 CR Report	No	AENOR
<b>SPECIFIC STANDARD DISCLOSURES</b>				
G4- DMA	Identification, management and evaluation of materials Aspects.	Section 4 CR Report	No	AENOR
<b>ECONOMIC</b>				
Economic Performance				
G4-EC1	Report the direct economic value generated and distributed (EVG&D) on an accruals basis including the basic components for the organization's global operations as listed below. If data is presented on a cash basis, report the justification for this decision and report the basic components.	Section 7.1 CR Report	No	AENOR
G4-EC2	Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure.	Section 7.1 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ECONOMIC</b>				
Economic Performance				
G4-EC3	<p>a. Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities.</p> <p>b. Where a separate fund exists to pay the plan's pension liabilities, report:</p> <ul style="list-style-type: none"> <li>• The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them</li> <li>• The basis on which that estimate has been arrived at</li> <li>• When that estimate was made</li> </ul> <p>c. Where a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Report the percentage of salary contributed by employee or employer.</p> <p>e. Report the level of participation in retirement plans (such as participation in mandatory or voluntary schemes, regional or country-based schemes, or those with financial impact).</p>	Section 7.1 CR Report	No	AENOR
G4-EC4	<p>a. Report the total monetary value of financial assistance received by the organization from governments during the reporting period, including, as a minimum:</p> <ul style="list-style-type: none"> <li>• Tax relief and tax credits</li> <li>• Subsidies</li> <li>• Investment grants, research and development grants, and other relevant types of grants</li> <li>• Awards</li> <li>• Royalty holidays</li> <li>• Financial assistance from Export Credit Agencies (ECAs)</li> <li>• Financial incentives</li> <li>• Other financial benefits received or receivable from any government for any operation</li> </ul> <p>b. Report the information above by country.</p> <p>c. Report whether, and the extent to which, the government is present in the shareholding structure.</p>	Section 7.1 and 7.2 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ECONOMIC</b>				
Market presence				
G4-EC5	<p>a. When a significant proportion of the workforce is compensated based on wages subject to minimum wage rules, report the ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. Report whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums could be used as a reference, report which minimum wage is being used.</p> <p>c. Report the definition used for 'significant locations of operation'.</p>	Section 9.1 CR Report	No	AENOR
G4-EC6	Report the percentage of senior management at significant locations of operation that are hired from the local community.	Section 9.1 CR Report	No	AENOR
Indirect economic impacts				
G4-EC7	<p>a. Report the extent of development of significant infrastructure investments and services supported.</p> <p>b. Report the current or expected impacts on communities and local economies. Report positive and negative impacts where relevant.</p> <p>c. Report whether these investments and services are commercial, in-kind, or pro bono engagements."</p>	Section 7.1 CR Report	No	AENOR
G4-EC8	<p>a. Report examples of the significant identified positive and negative indirect economic impacts the organization has. These may include:</p> <p>b. Report the significance of the impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas."</p>	Section 7.1 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ECONOMIC</b>				
Procurement practices				
G4-EC9	a. Report the percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally).	Not applicable due to the activity of Iberia	No	AENOR
<b>ENVIRONMENTAL</b>				
Materials				
G4-EN1	a. Report the total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period.	No application. Section 8.6 CR Report	No	AENOR
G4-EN2	"a. Report the percentage of recycled input materials used to manufacture the organization's primary products and services.		No	AENOR
Energy				
G4-EN3	a. Report total fuel consumption from non-renewable sources in joules or multiples, including fuel types used.	Section 8.1 CR Report	No	AENOR
	b. Report total fuel consumption from renewable fuel sources in joules or multiples, including fuel types used.	Section 8.1 CR Report	No	AENOR
	c. Report in joules, watt-hours or multiples, the total:			
	• Electricity consumption	Section 8.1 CR Report	No	AENOR
	• Heating consumption	Section 8.1 CR Report	No	AENOR
	• Cooling consumption	Section 8.1 CR Report	No	AENOR
	• Steam consumption	Section 8.1 CR Report	No	AENOR
	d. Report in joules, watt-hours or multiples, the total:			
	• Electricity sold	Section 8.1 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
Energy				
G4-EN3	• Heating sold	Section 8.1 CR Report	No	AENOR
	• Cooling sold	Section 8.1 CR Report	No	AENOR
	• Steam sold	Section 8.1 CR Report	No	AENOR
G4-EN4	Report energy consumed outside of the organization, in joules or multiples.	Section 8.1 CR Report	No	AENOR
G4-EN5	Report the energy intensity ratio.	Section 8.1 CR Report	No	AENOR
	Report the organization-specific metric (the ratio denominator) chosen to calculate the ratio.	Section 8.1 CR Report	No	AENOR
	Report the types of energy included in the intensity ratio: fuel, electricity, heating, cooling, steam, or all.	Section 8.1 CR Report	No	AENOR
	Report whether the ratio uses energy consumed within the organization, outside of it or both.	Section 8.1 CR Report	No	AENOR
G4-EN6	Report the amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.	Section 8.1 CR Report	No	AENOR
	Report the types of energy included in the reductions: fuel, electricity, heating, cooling, and steam.	Section 8.1 CR Report	No	AENOR
G4-EN7	Report the reductions in the energy requirements of sold products and services achieved during the reporting period, in joules or multiples.	Section 8.1 CR Report	No	AENOR
Water				
G4-EN8	Report the total volume of water withdrawn.	Section 8.1 CR Report	No	AENOR
G4-EN9	Report the total number of water sources significantly affected by withdrawal by type.	No application. Section 8.1 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
<b>Water</b>				
G4-EN10	Report the total volume of water recycled and reused by the organization.	No application. Section 8.1 CR Report	No	AENOR
	Report the total volume of water recycled and reused as a percentage of the total water withdrawal reported under Indicator G4-EN8.	No application. Section 8.1 CR Report	No	AENOR
<b>Biodiversity</b>				
G4-EN11	Report the following information for each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas:			
	• Geographic location	No application. Section 8.2 CR Report	No	AENOR
	• Subsurface and underground land that may be owned, leased, or managed by the organization	No application. Section 8.2 CR Report	No	AENOR
	• Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	No application. Section 8.2 CR Report	No	AENOR
	• Type of operation (office, manufacturing or production, or extractive)	No application. Section 8.2 CR Report	No	AENOR
	• Size of operational site in km <sup>2</sup>	No application. Section 8.2 CR Report	No	AENOR
	• Biodiversity value characterized by: – The attribute of the protected area or high biodiversity value area outside the protected area (terrestrial, freshwater, or maritime ecosystem) – Listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation)” las categorías de gestión de áreas protegidas de la UICN67, la Convención de Ramsar78, las leyes nacionales).	No application. Section 8.2 CR Report	No	AENOR
G4-EN12	Report the nature of significant direct and indirect impacts on biodiversity.	No application. Section 8.2 CR Report	No	AENOR
	b. Report significant direct and indirect positive and negative impacts with reference to the following:			
	• Species affected	No application. Section 8.2 CR Report	No	AENOR
	• Extent of areas impacted	No application. Section 8.2 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
<b>Biodiversity</b>				
G4-EN12	• Duration of impacts	No application. Section 8.2 CR Report	No	AENOR
	• Reversibility or irreversibility of the impacts	No application. Section 8.2 CR Report	No	AENOR
G4-EN13	a. Report the size and location of all habitat protected areas or restored areas, and whether the success of the restoration measure was or is approved by independent external professionals.	No application. Section 8.2 CR Report	No	AENOR
	b. Report whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.	No application. Section 8.2 CR Report	No	AENOR
	c. Report on the status of each area based on its condition at the close of the reporting period.	No application. Section 8.2 CR Report	No	AENOR
	d. Report standards, methodologies, and assumptions used.	No application. Section 8.2 CR Report	No	AENOR
G4-EN14	Report the total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk.	No application. Section 8.2 CR Report	No	AENOR
<b>Emissions</b>				
G4-EN15	a. Report gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.	Section 8.3 CR Report	No	AENOR
	b. Report gases included in the calculation (whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all).	Section 8.3 CR Report	No	AENOR
	c. Report biogenic CO2 emissions in metric tons of CO2 equivalent separately from the gross direct (Scope 1) GHG emissions.	Section 8.3 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
<b>Emissions</b>				
G4-EN16	Report gross energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.	Section 8.3 CR Report	No	AENOR
G4-EN17	a. Report gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent, excluding indirect emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organization (these indirect emissions are reported in Indicator G4-EN16). Exclude any GHG trades, such as purchases, sales, or transfers of offsets or allowances.	Section 8.3 CR Report	No	AENOR
	b. Report gases included in the calculation, if available.	Section 8.3 CR Report	No	AENOR
	c. Report biogenic CO2 emissions in metric tons of CO2 equivalent separately from the gross other indirect (Scope 3) GHG emissions.	Section 8.3 CR Report	No	AENOR
	d. Report other indirect (Scope 3) emissions categories and activities included in the calculation.	Section 8.3 CR Report	No	AENOR
G4-EN18	a. Report the GHG emissions intensity ratio.	Section 8.3 CR Report	No	AENOR
	b. Report the organization-specific metric (the ratio denominator) chosen to calculate the ratio.	Section 8.3 CR Report	No	AENOR
	c. Report the types of GHG emissions included in the intensity ratio: direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3).	Section 8.3 CR Report	No	AENOR
	d. Report gases included in the calculation.	Section 8.3 CR Report	No	AENOR
G4-EN19	a. Report the amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions, in metric tons of CO2 equivalent.	Section 8.3 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
Emissions				
G4-EN19	b. Report gases included in the calculation (whether CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all).	Section 8.3 CR Report	No	AENOR
	c. Report the chosen base year or baseline and the rationale for choosing it.	Section 8.3 CR Report	No	AENOR
	d. Report standards, methodologies, and assumptions used.	Section 8.3 CR Report	No	AENOR
	e. Report whether the reductions in GHG emissions occurred in direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3) emissions.	Section 8.3 CR Report	No	AENOR
G4-EN20	a. Report production, imports, and exports of ODS in metric tons of CFC-11 equivalent.	Section 8.3 CR Report	No	AENOR
	b. Report substances included in the calculation.	Section 8.3 CR Report	No	AENOR
	c. Report standards, methodologies, and assumptions used.	Section 8.3 CR Report	No	AENOR
	d. Report the source of the emission factors used.	Section 8.3 CR Report	No	AENOR
G4-EN21	a. Report the amount of significant air emissions, in kilograms or multiples for each of the following:			
	• NOX	Section 8.4 CR Report	No	AENOR
	• SOX	No application. Section 8.4 CR Report	No	AENOR
	• Persistent organic pollutants (POP)	No application. Section 8.4 CR Report	No	AENOR
	• Volatile organic compounds (VOC)	Section 8.4 CR Report	No	AENOR
	• Hazardous air pollutants (HAP)	No application. Section 8.4 CR Report	No	AENOR
	• Particulate matter (PM)	No application. Section 8.4 CR Report	No	AENOR
	• Other standard categories of air emissions identified in relevant regulations	No application. Section 8.4 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
Emissions				
G4-EN21	b. Report standards, methodologies, and assumptions used. Report the source of the emission factors used.	Section 8.4 CR Report	No	AENOR
Effluents and waste				
G4-EN22	a. Report the total volume of planned and unplanned water discharges by:			
	• Destination	Section 8.5 CR Report	No	AENOR
	• Quality of the water including treatment method	Section 8.5 CR Report	No	AENOR
	• Whether it was reused by another organization	No application. Section 8.5 CR Report	No	AENOR
	b. Report standards, methodologies, and assumptions used.	Section 8.5 CR Report	No	AENOR
G4-EN23	a. Report the total weight of hazardous and non-hazardous waste, by the following disposal methods:			
	• Reuse	Section 8.5 CR Report	No	AENOR
	• Recycling	Section 8.5 CR Report	No	AENOR
	• Composting	Section 8.5 CR Report	No	AENOR
	• Recovery, including energy recovery	Section 8.5 CR Report	No	AENOR
	• Incineration (mass burn)	Section 8.5 CR Report	No	AENOR
	• Deep well injection	Section 8.5 CR Report	No	AENOR
	• Landfill	Section 8.5 CR Report	No	AENOR
	• On-site storage	Section 8.5 CR Report	No	AENOR
	• Other (to be specified by the organization)	Section 8.5 CR Report	No	AENOR
	b. Report how the waste disposal method has been determined:			
	• Disposed of directly by the organization or otherwise directly confirmed	Section 8.5 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
Effluents and waste				
G4-EN23	• Information provided by the waste disposal contractor	Section 8.5 CR Report	No	AENOR
	• Organizational defaults of the waste disposal contractor	Section 8.5 CR Report	No	AENOR
G4-EN24	a. Report the total number and total volume of recorded significant spills.	Section 8.5 CR Report	No	AENOR
	b. For spills that were reported in the organization's financial statements, report the additional following information for each such spill:			
	• Location of spill	No application. Section 8.5 CR Report	No	AENOR
	• Volume of spill	No application. Section 8.5 CR Report	No	AENOR
	• Material of spill, categorized by:	No application. Section 8.5 CR Report	No	AENOR
	– Oil spills (soil or water surfaces)	No application. Section 8.5 CR Report	No	AENOR
	– Fuel spills (soil or water surfaces)	No application. Section 8.5 CR Report	No	AENOR
	– Spills of wastes (soil or water surfaces)	No application. Section 8.5 CR Report	No	AENOR
	– Spills of chemicals (mostly soil or water surfaces)	No application. Section 8.5 CR Report	No	AENOR
	– Other (to be specified by the organization)	No application. Section 8.5 CR Report	No	AENOR
	c. Report the impacts of significant spills.	No application. Section 8.5 CR Report	No	AENOR
G4-EN25	a. Report the total weight for each of the following:			
	• Hazardous waste transported	No application. Section 8.5 CR Report	No	AENOR
	• Hazardous waste imported	No application. Section 8.5 CR Report	No	AENOR
	• Hazardous waste exported	No application. Section 8.5 CR Report	No	AENOR
	• Hazardous waste treated	Section 8.5 CR Report	No	AENOR
	b. Report the percentage of hazardous waste shipped internationally.	No application. Section 8.5 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
Effluents and waste				
G4-EN26	a. Report water bodies and related habitats that are significantly affected by water discharges based on the criteria described in the Compilation section below, adding information on:			
	• Size of water body and related habitat	No application. Section 8.5 CR Report	No	AENOR
	• Whether the water body and related habitat is designated as a protected area (nationally or internationally)	No application. Section 8.5 CR Report	No	AENOR
	• Biodiversity value (such as total number of protected species)	No application. Section 8.5 CR Report	No	AENOR
Products and services				
G4-EN27	a. Report quantitatively the extent to which environmental impacts of products and services have been mitigated during the reporting period. b. If use-oriented figures are employed, report the underlying assumptions regarding consumption patterns or normalization factors.	Section 8.1, 8.3 and 8.4 CR Report	No	AENOR
G4-EN28	a. Report the percentage of reclaimed products and their packaging materials for each product category. b. Report how the data for this Indicator has been collected.”	No application. Section 8.6 CR Report	No	AENOR
Compliance				
G4-EN29	a. Report significant fines and non-monetary sanctions in terms of:			
	• Total monetary value of significant fines	Section 8.6 CR Report	No	AENOR
	• Total number of non-monetary sanctions	Section 8.6 CR Report	No	AENOR
	• Cases brought through dispute resolution mechanisms	Section 8.6 CR Report	No	AENOR
	b. Where organizations have not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.	Section 8.6 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
Transport				
G4-EN30	a. Report the significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce. Where quantitative data is not provided, report the reason.	Section 8.1 CR Report	No	AENOR
	b. Report how the environmental impacts of transporting products, members of the organization's workforce, and other goods and materials are mitigated.	Section 8.1 CR Report	No	AENOR
	c. Report the criteria and methodology used to determine which environmental impacts are significant.	Section 8.3 CR Report	No	AENOR
Overall				
G4-EN31	a. Report total environmental protection expenditures by:			
	• Waste disposal, emissions treatment, and remediation costs	Section 8.6 CR Report	No	AENOR
	• Prevention and environmental management costs	Section 8.6 CR Report	No	AENOR
Supplier environmental assessment				
G4-EN32	a. Report the percentage of new suppliers that were screened using environmental criteria.	Section 10.3 CR Report	No	AENOR
G4-EN33	a. Report the number of suppliers subject to environmental impact assessments.	Section 10.3 CR Report	No	AENOR
	b. Report the number of suppliers identified as having significant actual and potential negative environmental impacts.	Section 10.3 CR Report	No	AENOR
	c. Report the significant actual and potential negative environmental impacts identified in the supply chain.	Section 10.3 CR Report	No	AENOR
	d. Report the percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment.	Section 10.3 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>ENVIRONMENTAL</b>				
Supplier environmental assessment				
G4-EN33	e. Report the percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	Section 10.3 CR Report	No	AENOR
Environmental grievance mechanisms				
G4-EN34	a. Report the total number of grievances about environmental impacts filed through formal grievance mechanisms during the reporting period.	Section 8.6 CR Report	No	AENOR
	b. Of the identified grievances, report how many were:			
	• Addressed during the reporting period	Section 8.6 CR Report	No	AENOR
	• Resolved during the reporting period	Section 8.6 CR Report	No	AENOR
	c. Report the total number of grievances about environmental impacts filed prior to the reporting period that were resolved during the reporting period.	Section 8.6 CR Report	No	AENOR
<b>LABOR PRACTICES AND DECENT WORK</b>				
Employment				
G4-LA1	a. Report the total number and rate of new employee hires during the reporting period, by age group, gender and region.  b. Report the total number and rate of employee turnover during the reporting period, by age group, gender and region.	Section 9.1 and 9.5 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>LABOR PRACTICES AND DECENT WORK</b>				
Employment				
G4-LA2	<p>a. Report the benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:</p> <ul style="list-style-type: none"> <li>• Life insurance</li> <li>• Health care</li> <li>• Disability and invalidity coverage</li> <li>• Parental leave</li> <li>• Retirement provision</li> <li>• Stock ownership</li> <li>• Others</li> </ul> <p>b. Report the definition used for 'significant locations of operation'.</p>	Section 9.1 and 9.5 CR Report	No	AENOR
G4-LA3	a. Report the total number of employees that were entitled to parental leave, by gender.	Section 9.5 CR Report	No	AENOR
	b. Report the total number of employees that took parental leave, by gender.	Section 9.5 CR Report	No	AENOR
	c. Report the total number of employees who returned to work after parental leave ended, by gender.	Section 9.5 CR Report	No	AENOR
	d. Report the total number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender.	Section 9.5 CR Report	No	AENOR
	e. Report the return to work and retention rates of employees who took parental leave, by gender.	Section 9.5 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>LABOR PRACTICES AND DECENT WORK</b>				
Labor/managment relations				
G4-LA4	<p>a. Report the minimum number of weeks' notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	Section 9.2 CR Report	No	AENOR
Occupational health and safety				
G4-LA5	<p>a. Report the level at which each formal joint management-worker health and safety committee typically operates within the organization.</p> <p>b. Report the percentage of the total workforce represented in formal joint management-worker health and safety committees.</p>	Section 9.3 CR Report	No	AENOR
G4-LA6	<p>a. Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers), by:</p> <ul style="list-style-type: none"> <li>• Region</li> <li>• Gender</li> </ul> <p>b. Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities for independent contractors working on-site to whom the organization is liable for the general safety of the working environment, by:</p> <ul style="list-style-type: none"> <li>• Region</li> <li>• Gender</li> </ul> <p>c. Report the system of rules applied in recording and reporting accident statistics.</p>	Section 9.3 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>LABOR PRACTICES AND DECENT WORK</b>				
Occupational health and safety				
G4-LA7	Report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.	Section 9.3 CR Report	No	AENOR
G4-LA8	a. Report whether formal agreements (either local or global) with trade unions cover health and safety. b. If yes, report the extent, as a percentage, to which various health and safety topics are covered by these agreements.	Section 9.3 CR Report	No	AENOR
Training and education				
G4-LA9	Report the average hours of training that the organization's employees have undertaken during the reporting period, by: <ul style="list-style-type: none"> <li>• Gender</li> <li>• Employee category</li> </ul>	Section 9.4 CR Report	No	AENOR
G4-LA10	a. Report on the type and scope of programs implemented and assistance provided to upgrade employee skills. b. Report on the transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	Section 9.4 CR Report	No	AENOR
G4-LA11	Report the percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Section 9.4 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>LABOR PRACTICES AND DECENT WORK</b>				
Diversity and equal opportunity				
G4-LA12	<p>a. Report the percentage of individuals within the organization's governance bodies in each of the following diversity categories:</p> <ul style="list-style-type: none"> <li>• Gender</li> <li>• Age group: under 30 years old, 30-50 years old, over 50 years old</li> <li>• Minority groups</li> <li>• Other indicators of diversity where relevant</li> </ul> <p>b. Report the percentage of employees per employee category in each of the following diversity categories:</p> <ul style="list-style-type: none"> <li>• Gender</li> <li>• Age group: under 30 years old, 30-50 years old, over 50 years old</li> <li>• Minority groups</li> <li>• Other indicators of diversity where relevant</li> </ul>	Section 9.5 CR Report	No	AENOR
Equal remuneration for women and men				
G4-LA13	<p>a. Report the ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.</p> <p>b. Report the definition used for 'significant locations of operation'.</p>	Section 9.5 CR Report	No	AENOR
Supplier assessment for labor practices				
G4-LA14	a. Report the percentage of new suppliers that were screened using labor practices criteria.	Section 9.6 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>LABOR PRACTICES AND DECENT WORK</b>				
Supplier assessment for labor practices				
G4-LA15	a. Report the number of suppliers subject to impact assessments for labor practices. b. Report the number of suppliers identified as having significant actual and potential negative impacts for labor practices. c. Report the significant actual and potential negative impacts for labor practices identified in the supply chain. d. Report the percentage of suppliers identified as having significant actual and potential negative impacts for labor practices with which improvements were agreed upon as a result of assessment. e. Report the percentage of suppliers identified as having significant actual and potential negative impacts for labor practices with which relationships were terminated as a result of assessment, and why.	Section 9.6 CR Report	No	AENOR
Labor practices grievance mechanisms				
G4-LA16	a. Report the total number of grievances about labor practices filed through formal grievance mechanisms during the reporting period. b. Of the identified grievances, report how many were: <ul style="list-style-type: none"> <li>• Addressed during the reporting period</li> <li>• Resolved during the reporting period</li> </ul> c. Report the total number of grievances about labor practices filed prior to the reporting period that were resolved during the reporting period.	Section 9.5 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>HUMAN RIGHTS</b>				
Investment				
G4-HR1	a. Report the total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.  b. Report the definition of 'significant investment agreements' used by the organization.	Section 10.3 CR Report	No	AENOR
G4-HR2	a. Report the total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.  b. Report the percentage of employees in the reporting period trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	Section 10.2 CR Report	No	AENOR
Non-discrimination				
G4-HR3	a. Report the total number of incidents of discrimination during the reporting period.  b. Report the status of the incidents and the actions taken with reference to the following: <ul style="list-style-type: none"> <li>• Incident reviewed by the organization</li> <li>• Remediation plans being implemented</li> <li>• Remediation plans have been implemented and results reviewed through routine internal management review processes</li> <li>• Incident no longer subject to action</li> </ul>	Section 9.5 and 10.3 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>HUMAN RIGHTS</b>				
Freedom of association and collective bargaining				
G4-HR4	<p>-a. Report operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:</p> <ul style="list-style-type: none"> <li>• Type of operation (such as manufacturing plant) and supplier</li> <li>• Countries or geographical areas with operations and suppliers considered at risk</li> </ul> <p>b. Report measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.</p>	Section 9.2 and 10.3 CR Report	No	AENOR
Child labor				
G4-HR5	<p>a. Report operations and suppliers considered to have significant risk for incidents of:</p> <ul style="list-style-type: none"> <li>• Child labor</li> <li>• Young workers exposed to hazardous work</li> </ul> <p>b. Report operations and suppliers considered to have significant risk for incidents of child labor either in terms of:</p> <ul style="list-style-type: none"> <li>• Type of operation (such as manufacturing plant) and supplier</li> <li>• Countries or geographical areas with operations and suppliers considered at risk</li> </ul> <p>c. Report measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.</p>	Section 10.3 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>HUMAN RIGHTS</b>				
Forced labor				
G4-HR6	<p>a. Report operations and suppliers considered to have significant risk for incidents of:</p> <ul style="list-style-type: none"> <li>• Child labor</li> <li>• Young workers exposed to hazardous work</li> </ul> <p>b. Report operations and suppliers considered to have significant risk for incidents of child labor either in terms of:</p> <ul style="list-style-type: none"> <li>• Type of operation (such as manufacturing plant) and supplier</li> <li>• Countries or geographical areas with operations and suppliers considered at risk</li> </ul> <p>c. Report measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.”</p>	Section 10.3 CR Report	No	AENOR
Security practices				
G4-HR7	<p>a. Report the percentage of security personnel who have received formal training in the organization’s human rights policies or specific procedures and their application to security.</p> <p>b. Report whether training requirements also apply to third party organizations providing security personnel.”</p>	Section 10.2 CR Report	No	AENOR
Indigenous rights				
G4-HR8	<p>a. Report the total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.</p> <p>b. Report the status of the incidents and actions taken with reference to:</p> <ul style="list-style-type: none"> <li>• Incident reviewed by the organization</li> <li>• Remediation plans being implemented</li> <li>• Remediation plans have been implemented and results reviewed through routine internal management review processes</li> <li>• Incident no longer subject to action</li> </ul>	Section 10.3 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>HUMAN RIGHTS</b>				
Assessment				
G4-HR9	Report the total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	Section 6.4, 6.5 and 10.3 CR Report	No	AENOR
Supplier human rights assessment				
G4-HR10	Report the percentage of new suppliers that were screened using human rights criteria.	Section 10.3 CR Report	No	AENOR
G4-HR11	a. Report the number of suppliers subject to human rights impact assessments. b. Report the number of suppliers identified as having significant actual and potential negative human rights impacts. c. Report the significant actual and potential negative human rights impacts identified in the supply chain. d. Report the percentage of suppliers identified as having significant actual and potential negative human rights impacts with which improvements were agreed upon as a result of assessment. e. Report the percentage of suppliers identified as having significant actual and potential negative human rights impacts with which relationships were terminated as a result of assessment, and why.	Section 10.3 CR Report	No	AENOR
Human rights grievance mechanisms				
G4-HR12	a. Report the total number of grievances about human rights impacts filed through formal grievance mechanisms during the reporting period. b. Of the identified grievances, report how many were: <ul style="list-style-type: none"> <li>• Addressed during the reporting period</li> <li>• Resolved during the reporting period</li> </ul> c. Report the total number of grievances about human rights impacts filed prior to the reporting period that were resolved during the reporting period."	Punto 10.3 del IRC	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>SOCIETY</b>				
Local Communities				
G4-SO1	<p>a. Report the percentage of operations with implemented local community engagement, impact assessments, and development programs, including the use of:</p> <ul style="list-style-type: none"> <li>• Social impact assessments, including gender impact assessments, based on participatory processes</li> <li>• Environmental impact assessments and ongoing monitoring</li> <li>• Public disclosure of results of environmental and social impact assessments</li> <li>• Local community development programs based on local communities' needs</li> <li>• Stakeholder engagement plans based on stakeholder mapping</li> <li>• Broad based local community consultation committees and processes that include vulnerable groups</li> <li>• Works councils, occupational health and safety committees and other employee representation bodies to deal with impacts</li> <li>• Formal local community grievance processes</li> </ul>	Section 11 CR Report	No	AENOR
G4-SO2	<p>a. Report operations with significant actual and potential negative impacts on local communities, including:</p> <ul style="list-style-type: none"> <li>• The location of the operations</li> <li>• The significant actual and potential negative impacts of operations</li> </ul>	Section 11 CR Report	No	AENOR
Anti-corruption				
G4-SO3	<p>a. Report the total number and percentage of operations assessed for risks related to corruption.</p> <p>b. Report the significant risks related to corruption identified through the risk assessment."</p>	Section 11.3 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>SOCIETY</b>				
Anti-corruption				
G4-S04	a. Report the total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region. b. Report the total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. c. Report the total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. d. Report the total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Report the total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.	Section 11.3 CR Report	No	AENOR
G4-S05	a. Report the total number and nature of confirmed incidents of corruption. b. Report the total number of confirmed incidents in which employees were dismissed or disciplined for corruption. c. Report the total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. d. Report public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.	Section 11.3 CR Report	No	AENOR
Public policy				
G4-S06	a. Report the total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. b. Report how the monetary value of in-kind contributions was estimated, if applicable.	Section 11.4 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>SOCIETY</b>				
Anti-competitive behavior				
G4-S07	<p>a. Report the total number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.</p> <p>b. Report the main outcomes of completed legal actions, including any decisions or judgments.</p>	Section 11.5 CR Report	No	AENOR
Compliance				
G4-S08	<p>a. Report significant fines and non-monetary sanctions in terms of:</p> <ul style="list-style-type: none"> <li>• Total monetary value of significant fines</li> <li>• Total number of non-monetary sanctions</li> <li>• Cases brought through dispute resolution mechanisms</li> </ul> <p>b. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.</p> <p>c. Report the context against which significant fines and non-monetary sanctions were incurred.</p>	Section 11.5 CR Report	No	AENOR
Supplier assessment for impacts on society				
G4-S09	Report the percentage of new suppliers that were screened using criteria for impacts on society.	Section 9.3 and 10.3 CR Report	No	AENOR
G4-S010	<p>a. Report the number of suppliers subject to assessments for impacts on society.</p> <p>b. Report the number of suppliers identified as having significant actual and potential negative impacts on society.</p> <p>c. Report the significant actual and potential negative impacts on society identified in the supply chain.</p> <p>d. Report the percentage of suppliers identified as having significant actual and potential negative impacts on society with which improvements were agreed upon as a result of assessment.</p> <p>e. Report the percentage of suppliers identified as having significant actual and potential negative impacts on society with which relationships were terminated as a result of assessment, and why.</p>	Section 9.3 and 10.3 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>SOCIETY</b>				
Grievance mechanisms for impacts on society				
G4-SO11	a. Report the total number of grievances about impacts on society filed through formal grievance mechanisms during the reporting period. b. Of the identified grievances, report how many were: <ul style="list-style-type: none"> <li>• Addressed during the reporting period</li> <li>• Resolved during the reporting period</li> </ul> c. Report the total number of grievances about impacts on society filed prior to the reporting period that were resolved during the reporting period.	Section 11 CR Report	No	AENOR
<b>PRODUCT RESPONSIBILITY</b>				
Customer health and safety				
G4-PR1	Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Section 12 CR Report	No	AENOR
G4-PR2	a. Report the total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: <ul style="list-style-type: none"> <li>• Incidents of non-compliance with regulations resulting in a fine or penalty</li> <li>• Incidents of non-compliance with regulations resulting in a warning</li> <li>• Incidents of non-compliance with voluntary codes</li> </ul> b. If the organization has not identified any non-compliance with regulations and voluntary codes, a brief statement of this fact is sufficient.	Section 12 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>PRODUCT RESPONSIBILITY</b>				
Product and service labeling				
G4-PR3	<p>a. Report whether the following product and service information is required by the organization's procedures for product and service information and labeling:</p> <ul style="list-style-type: none"> <li>• The sourcing of components of the product or service</li> <li>• Content, particularly with regard to substances that might produce an environmental or social impact</li> <li>• Safe use of the product or service</li> <li>• Disposal of the product and environmental/social impacts</li> <li>• Other (explain)</li> </ul> <p>b. Report the percentage of significant product or service categories covered by and assessed for compliance with such procedures.</p>	Section 8.1 and 12.2 CR Report	No	AENOR
G4-PR4	<p>a. Report the total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by:</p> <ul style="list-style-type: none"> <li>• Incidents of non-compliance with regulations resulting in a fine or penalty</li> <li>• Incidents of non-compliance with regulations resulting in a warning</li> <li>• Incidents of non-compliance with voluntary codes</li> </ul> <p>b. If the organization has not identified any non-compliance with regulations and voluntary codes, a brief statement of this fact is sufficient.</p>	Section 11.7 CR Report	No	AENOR
G4-PR5	<p>a. Report the results or key conclusions of customer satisfaction surveys (based on statistically relevant sample sizes) conducted in the reporting period relating to information about:</p> <ul style="list-style-type: none"> <li>• The organization as a whole</li> <li>• A major product or service category</li> <li>• Significant locations of operation</li> </ul>	Section 12.3, 12.4 and 12.5 CR Report	No	AENOR

GRI G4 Code	General Basic Contents	Location in the Report or explanation	Omissions	External verification
<b>PRODUCT RESPONSIBILITY</b>				
Marketing communications				
G4-PR6	a. Report whether the organization sells products that are: <ul style="list-style-type: none"> <li>• Banned in certain markets</li> <li>• The subject of stakeholder questions or public debate</li> </ul> b. Report how the organization has responded to questions or concerns regarding these products.	Iberia doesn't operate in locations subject to public debate, therefore, questions have not been produced .	No	AENOR
G4-PR7	a. Report the total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: <ul style="list-style-type: none"> <li>• Incidents of non-compliance with regulations resulting in a fine or penalty</li> <li>• Incidents of non-compliance with regulations resulting in a warning</li> <li>• Incidents of non-compliance with voluntary codes</li> </ul> b. If the organization has not identified any non-compliance with regulations and voluntary codes, a brief statement of this fact is sufficient.	Section 12.8 CR Report	No	AENOR
Customer privacy				
G4-PR8	a. Report the total number of substantiated complaints received concerning breaches of customer privacy, categorized by: <ul style="list-style-type: none"> <li>• Complaints received from outside parties and substantiated by the organization</li> <li>• Complaints from regulatory bodies</li> </ul> b. Report the total number of identified leaks, thefts, or losses of customer data.                     c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.	Section 12.6 CR Report	No	AENOR
Compliance				
G4-PR9	a. Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.                     b. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient."	Section 12.4 CR Report	No	AENOR

**AENOR** Asociación Española de  
Normalización y Certificación

## SUSTAINABLE VERIFICATION REPORT

**VMS-Nº 003/15**

The Spanish Association for Standardisation and Certification (AENOR) has verified that the Report of the following firm:

### **IBERIA, L.A.E., S.A. OPERADORA, SOCIEDAD UNIPERSONAL**

Entitled ***CORPORATE RESPONSIBILITY REPORT 2014***

Provides a reasonable image and a balanced view of its performance, taking into account not only the data veracity but also the general content of the report.

This external assurance is in accordance with the **Exhaustive Option** of the G4 Guide developed by the Global Reporting Initiative (GRI). The verification has been fulfilled on 12<sup>th</sup> march, 2015 and no subsequent performances can be considered.

The present verification will be in force, unless it is cancelled or withdrawn upon AENOR's written notification and according to specific terms of the contract – application nº 2015/17791/GRI/01 dated 13<sup>th</sup> January, 2015 and to the General Regulation of January 2007, which require, amongst other commitments, the permission to visit the installations by the technical services of AENOR to verify the veracity of stated data.

This declaration does not condition the decision that Global Reporting Initiative can adopt to incorporate IBERIA, L.A.E. OPERADORA, SOCIEDAD UNIPERSONAL, in the "GRI Reports List" which is published in its Web <http://www.globalreporting.org/GRIReports/GRIReportsList/>.

Issued on: 18<sup>th</sup> March 2015

**AENOR** Asociación Española de  
Normalización y Certificación

Avelino BRITO  
Chief Executive Officer