

Sustainability report 2016



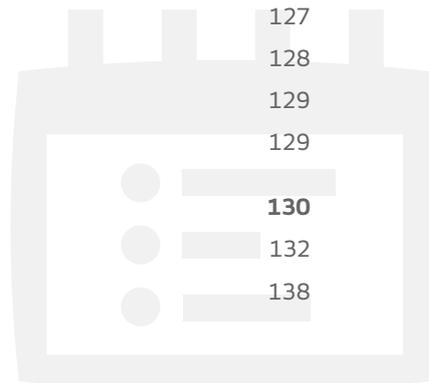
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1 - Strategy and Analysis

1.1 Executive chairman's statement



2016 was another year of progress for Iberia on its path to become a modern, competitive airline which is sustainable over time. The Future Plan, the first phase of which concludes this year, set our course to make Iberia a stronger and more flexible company, which is able to adapt itself to the ups and downs of an increasingly complex market. And we are managing it.

In 2016, for example, Iberia and Iberia Express became the world's most punctual airlines in their respective categories. This is a milestone in our history that we value extraordinarily for two reasons: due to the positive impact it has on customers' ratings and because, as it is an indicator linked to employee attitude, it reveals the degree to which the workforce is committed to our transformation project.

The financial results and those from its activity also continued improving in 2016 as a result of the efficiency programmes implemented under the Future Plan. Our operating profit increased to 271 million euros, 22% more than the previous year, and the indicators of supply, demand and cargo carried also showed growth. In addition, the occupancy rate rose 0.9 points to 82%. Increasing routes and frequencies (with establishing the first connections with Asia) contributed to consolidating the image of Iberia as a global airline which offers its customers a comprehensive service. Last year we commemorated the 70th anniversary of our first flight to Latin America, which continues to be our main market.



Another of our priority commitments, due to the future investment required, is the renovation of the fleet to gain efficiency and quality. In 2016, we received nine new A330-200 aircraft, which consume less fuel, incorporate technological innovations and offer more amenities to passengers.

The Airports and Maintenance business areas also continue to advance in their transformation process to increase competitiveness and sustainability.

Airports, the handling business of the company, showed notable growth both as regards aircraft and passengers attended and concerning pieces of luggage transported. In the area of Maintenance, we are taking the necessary steps to be increasingly competitive and we have introduced new management systems to ensure the quality and the safety processes and respect for the environment.

In this context of change and transformation, Iberia continues to maintain its social commitment. We actively collaborate on social projects with organisations like Envera, Mano a Mano, Make a Wish, Sepla Ayuda, Save the Children and Fundación Integra and these initiatives fall within this framework of our commitment to achieving the 17 Sustainable Development Goals approved by the United Nations Global Compact. We have channeled a part of our contributions to send humanitarian aid to the victims of the earthquake on the coast of Ecuador.

The progress made is evident. However, we should not be complacent. We have done many things to reform the company, but we are still far from what we want to be. Once we have consolidated operating profit, we have to improve our return on investment and operating margin indicators until we make them as profitable as the rest of the companies of the IAG Group. To this end, we have to persevere in our cost control efforts. Additionally, we have to contribute to the successful launch of LEVEL, the IAG Group's new brand for low-cost, long-haul flights, whose first flights will be operated and marketed by Iberia. We also have to develop, in partnership with Vueling, our plans to tackle the stiff competition from the AVE high-speed train service and offer the best air shuttle product for travellers between Madrid and Barcelona.

All these goals will not be possible without the flexibility, talent and extraordinary effort of Iberia's team of professionals, whom I must thank for one more year of commitment and dedication to moving the company forward

Luis Gallego





1 - Strategy and Analysis

1.2 >> Key achievements of 2016

Iberia is on the right track to becoming a competitive company and achieving an acknowledged and sustainable position among the main international airlines. In 2016, its progress as regards punctuality, increasing routes, incorporation of new aircraft, profit from its operations, occupancy rate, customer service and supporting responsible tourism laid the foundations for developing the 2014-2017 Future Plan, completing its modernisation process and ensuring its sustainability in the medium and long term. We describe the year's main achievements below

**“Iberia and Iberia Express, are the most punctual airlines in the world in their respective categories”
- Flightstats -**



The most punctual in the world

Iberia and Iberia Express were the most punctual airlines in the world in their respective categories, according to Flightstats, the leading consultancy firm in flight information, services and applications for the travel industry.

New routes to Asia, Africa and America

2016 was a key year for the expansion of Iberia, as four new long-haul routes were opened, to Asia, Africa and America. In June, the first flight was scheduled to Shanghai (China) and later the route to Tokyo was inaugurated. Iberia is the only airline that has direct flights to Japan. We also reopened the flights to San Juan (Puerto Rico) and Johannesburg (South Africa).





Furthermore, direct flights operated by our subsidiary Iberia Express were inaugurated between Madrid and Birmingham (UK), Rennes (France), Cork (Ireland), Oslo (Norway), Krakow (Poland), Reykjavík (Iceland), Bucharest (Romania), Santorini (Greece) and Malta. In addition, 56 additional frequencies were established on 23 already consolidated routes.

A more modern fleet

In 2016, Iberia incorporated nine new Airbus A330-200 craft, which are part of an order for 12 units for the period 2015-2018. The A330-200 is the airline's most modern, efficient and environmentally friendly aircraft.

The new aircraft consume less fuel, have a range of up to 11,500 kilometres, a take-off capacity of up to 242 tonnes and include improvements in both business and tourist cabins, in addition to a Wi-Fi service with the best technology available at the time for transoceanic flights.

Our results continue to improve

Operating profit attributed to the Iberia segment in the consolidated financial statements of the IAG Group was 271 million euros, compared to 222 million euros in 2015, representing an increase of 22%.

The Iberia Group's activity in 2016 also showed an upward trend, from the perspective of both the supply (4% more seats per kilometre) and the demand (5.7% more passengers per kilometre). Occupancy rose to 82.0%, an increase of 0.9 points over last year's figure.

New Tourist Premium cabin

In 2016, Iberia presented its new Tourist Premium class, a cabin which improves on-board comfort and which will be available on the first flights to the American continent throughout the 2017 summer season.

The new cabin has exclusive, wider and reclining seats, with more separation between seats.



In addition, the customers who travel in Tourist Premium will have an improved range of individual entertainment. Customers will also enjoy an enhanced gastronomical offering.

70 years since the first Latin American flight

On 22 September 1946, a four-engine Douglas DC-4 Iberia aircraft took off from Madrid heading to Buenos Aires, where it arrived after a 36-hour journey and three layovers.

To commemorate the 70th anniversary of its first flight to Latin America, Iberia flew in September 2016 from Madrid to Buenos Aires in a plane decorated with the flags of the 16 Latin American countries with which it has a direct connection



In connection with the anniversary, the new image and product of Iberia was also presented at the diplomatic headquarters of Spain in Chile, Ecuador, El Salvador, Guatemala, Argentina and Uruguay. Iberia also organised a tour in tribute to Paco de Lucía around Latin America with his last guitar (La Maestra) and joined the Campus Iberoamérica programme, offering favourable terms on its flights to students, teachers and researchers on the region.

Supporting sustainable tourism

Iberia are part of the task force on responsible tourism, together with a further 11 companies from the tourism sector; it is a commitment shared by all, a project from the Spanish Global Compact Network intended to share successful experiences in social and environmental sustainability and whose ultimate goal is to work to achieve a sustainable, competitive tourism sector.



Tourism is a key sector for achieving the 17 Sustainable Development Goals of the United Nations.

NDC certification from IATA

The International Air Transport Association (IATA) awarded Iberia NDC (New Distribution Capability) certification; this is a new data transmission standard which facilitates communication between airlines, travel agencies and other industry players.

The NDC standard enables searches for flights, ticket sales and the sale of seats and pieces of luggage not included in the price. The system offers greater flexibility and speed in differentiating the product and provides a better shopping experience.

Sponsorship of the paralympic team in Rio

Iberia was the sponsor of the Spanish Paralympic Team at the 2016 Río de Janeiro Games, joining the plan of the Association of Olympic and Paralympic Sport (Asociación de Deportes Olímpicos Paralímpicos, ADOP).

With this contribution, the athletes had the necessary resources for their training.



Iberia was also the official carrier of the Olympics Team for the 2016 Rio Olympics and of the Spanish Olympic Committee, joining in the promotion of Spanish Olympic sport.

Award for transformation

Iberia received in 2016 the prize for the best transformation of an airline awarded each year by CAPA, the leading aviation information, analysis and data supplier.

The award is in recognition of the progress of the airlines in terms of productivity, cost reduction, operating profit and increase in capacity, in such a complex setting as the European market.

Positive balance in Airports

The handling business in airports progressed very positively:

- » More than 340,500 aircraft attended, 4.6% more than in 2015.
- » More than 88 million passengers attended at all layovers of the national network, that is, 8.8% more.
- » Approximately 57 million pieces of luggage transported, which represents an increase of 6.7%.

New management in Maintenance

In 2016, the Maintenance area incorporated new management systems whose main purpose is ongoing analysis of the processes to introduce a more efficient and competitive methodology. The aim is for management to focus more on ensuring quality and safety and environmentally friendly processes.

Reflecting this change, the Iberia Maintenance facilities renewed their image and the work environment, which were adapted to the company culture



2 - Organisational profile



- 1946 -

*On 22 September, Iberia undertook its first transatlantic flight
with a DC-4 aircraft*

IB  2.1 >> Brand values

Over the last years Iberia has undergone a major change driven by its desire to be a unique company and to offer its customers a special experience.

During the renovation process we have held on to the fundamental values that have always made us stand out and be a benchmark for our customers.

During the renovation process we have held on to the fundamental values that have always made us stand out and be a benchmark for our customers.

Thanks to these values, what we do and how we do it takes on a special significance.



2 - Organisational profile



Rapport

In the sense of:

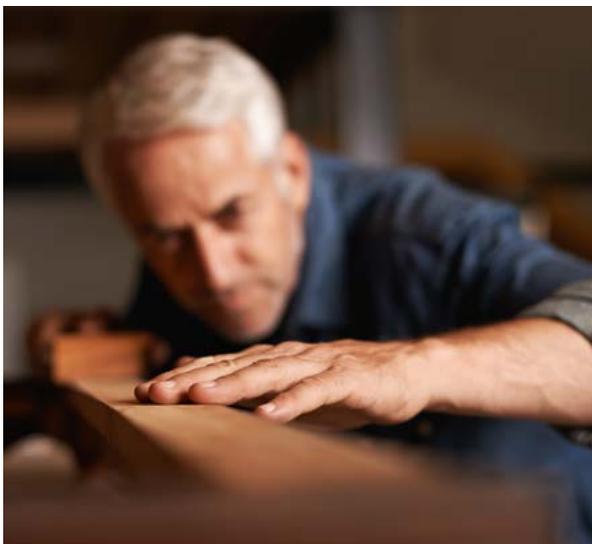
The natural connection with the Hispanic world that we claim as our own and our distinguishing feature based on our country of origin, history and legacy we share with millions of people. Our linguistic and cultural similarity with them and the empathy between us, always working as a team and naturally recognising people's value. The close and emotional bond in how we express ourselves; the way we experience and feel things, important in both a Latin America 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 continuously improve. The passion behind our ambition for success and self-improvement, 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 leading brand in our sector.



Talent

In terms of:

The ingenuity that allows us to apply creativity and imagination to the search for innovative and significant solutions. The professionalism that is recognised and valued in all market research, which we encourage through our training, education and continuous development of top human resources. Resolute spirit, practical, proven and experienced, with which we demonstrate considerable expertise simply and naturally, responsibly and committed to society.



2.2 >> Air transport activity

Iberia is the benchmark airline in Spain and leader in routes between Europe and Latin America.

In 2016 it was world leader in punctuality and it opened new routes to San Juan (Puerto Rico), Johannesburg (South Africa), Shanghai (China) and Tokyo (Japan).

Figures

- >> 131 destinations in 52 countries.
- >> 262 destinations in 64 countries with shared code with other companies.
- >> 142 aircraft, 77 Iberia, 21 Iberia Express and 44 Iberia Regional / Air Nostrum.
- >> More than 600 flights a day – IB+I2+YW.
- >> More than 8,500 flights a day with the other **oneworld** partners.

In addition, direct flights operated by Iberia Express were inaugurated between Madrid and Birmingham (UK), Rennes (France), Cork (Ireland), Oslo (Norway), Krakow (Poland), Reykjavík (Iceland), Bucharest (Romania), Santorini (Greece) and Malta.

Additionally, 56 frequencies were added on 23 different, already consolidated routes. These include La Habana on transoceanic flights, and London (Gatwick), Oporto, Naples, Geneva, Lisbon, Asturias, the Canary Islands, the Balearic Islands and Galicia, on short- and medium-haul flights.

This expansion process coincides with the expansion of Iberia's fleet with an order for 12 A330-200 long-haul aircraft; the first of which were delivered in 2015, and which will all be delivered between 2016 and 2018.

In addition, 16 A350-900 options have been ordered, which will be converted into firm orders during the period 2018-2021 and will allow the company to replace and expand its.



2 - Organisational profile

The renewal of the fleet and restructuring of the airline are proof of the investment that Iberia is making in the future.

A more efficient fleet

In 2016, Iberia incorporated nine new Airbus A330-200 craft, which are part of an order for 12 units for the period 2015-2018. The new craft were dubbed with the names of Latin American cities (La Habana, Buenos Aires, Montevideo, Lima, Santiago de Chile, Bogota, among others), as part of the celebration of the 70th anniversary of the airline's first ever flight to the region. The last of the planes received in 2016 was given the name of Tokyo, in tribute to the route between Madrid and the capital of Japan, also opened in 2016.

The A330-200 is the airline's most modern, efficient and environmentally friendly aircraft

The A330-200 is the airline's most modern, efficient and environmentally friendly aircraft. The new aircraft consumes less fuel, has a range of up to 11,500 kilometres and boasts a take-off capacity of up to 242 tonnes.

In addition, the new craft introduce improvements in both the business and tourist cabins, such as the new screens with a more advanced processor that make it easier for users to browse the contents of the on-board entertainment system. The entire plane offers passengers a Wi-Fi service with the best technology available at the current time for transoceanic flights, which allows faster download speeds.

New Tourist Premium cabin

In 2016, Iberia presented its new Tourist Premium class, a cabin which improves on-board comfort and which will be available on the first flights to the American continent throughout the 2017 summer season.

The Tourist Premium cabin is a new cabin located between the tourist and business cabins and is designed for passengers who value comfort and look for a higher level of service both on the ground and in the air.





The new tourist premium cabin has exclusive, wider seats which are more separated from each other than in the tourist cabin, as well as larger, better quality individual entertainment screens. Tourist premium class customers will also enjoy priority boarding and disembarking, an additional piece of luggage and enhanced gastronomical offering, among other benefits.

Iberia will roll out the new cabin in 37 long-haul flights. Eight of these will be A330-300 craft and 13 will be A340-600 planes, all of which are currently in its fleet and will be updated between 2017 and 2018. The remaining 16 will be new-generation A350-900 that the company is to receive from 2018.

Distribution certification from IATA

The International Air Transport Association (IATA) awarded Iberia NDC (New Distribution Capability) certification, which means that it has developed a direct link interface with other sector players in accordance with the standards of that organisation. Consequently, the company can distribute its products through this new channel.

New Distribution Capability (NDC) is a programme launched by IATA to develop and adopt a new data transmission standard based on XML language and open to third parties, which reinforces the communication between airlines, travel agencies, aggregators and other players.

Initially, the NDC standard enables searches for flights, ticket sales and the sale of seats and pieces of luggage not included in the price.

Iberia is, together with Iberia Express, British Airways and Aer Lingus, also from the IAG Group, one of the 28 airlines which have received NDC certification around the world.





2 - Organisational profile



Debut in China

On 28 June 2016, Iberia began direct flights to Shanghai (China) three times a week, thus accessing the Asian market for the first time and demonstrating its vocation as a global airline.

For the inauguration and before the first flight had taken off, an institutional event was held at Madrid airport, with the participation of the Spanish and Chinese ambassadors, representatives from the Madrid autonomous region and city council, El Corte Inglés, Madrid airport and Iberia.

Iberia has hired Chinese cabin crew and airport personnel, with the aim of assisting its Oriental customers in their language and respecting their customs

Furthermore, Iberia has a special offering for customers on these flights, such as Chinese menus and a virtual library including a range related to China and Shanghai

Link with Tokyo

After the inauguration of the Shanghai route, in October 2016 Iberia launched its direct link between Tokyo's Narita Airport and Madrid. Iberia is the only airline with non-stop flights between Spain and Japan. Three direct flights have been scheduled per week: Tuesday, Friday and Sunday from Spain, and Monday, Wednesday and Saturday from Tokyo.

Through the commencement of its flights to Tokyo, Iberia has joined British Airways, Finnair and JAL in the joint business agreement for routes between Europe and Japan. Furthermore, these flights offer a shared code with JAL. Thanks to this agreement, 76 flights per week are offered between Madrid, London, Frankfurt, Helsinki and Paris to Tokyo's Narita and Haneda Airports, as well as to the Japanese cities of Osaka, Nagoya and Fukuoka. In addition, Japan Airlines offers connecting flights to a further 59 cities in the Asian country.

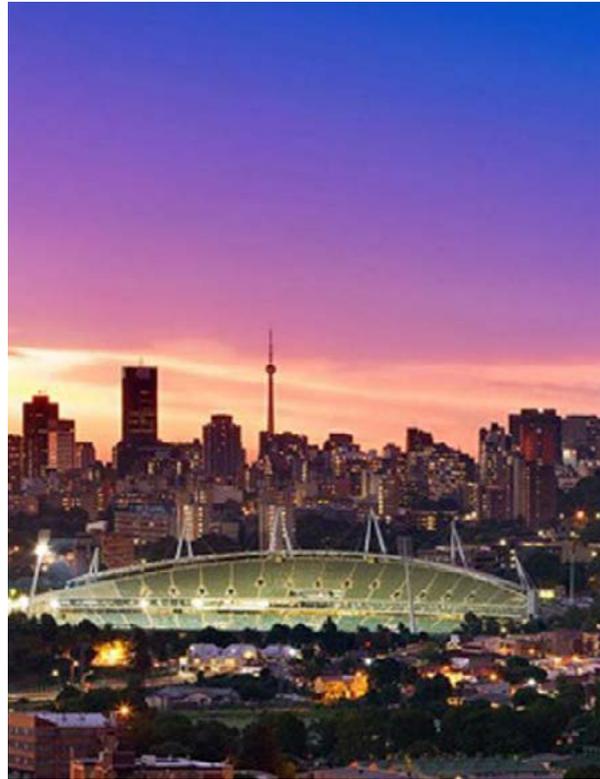


Return to Johannesburg and San Juan

Iberia's flight was fully booked on 1 August 2016 on the flight that represented the resumption of its operations between Madrid and Johannesburg and at full capacity carried its first 278 customers for this new cycle in South Africa.

Iberia offers three flights a week on a route that flies with the A330-300, one of its most modern aircraft.

In May, Iberia also resumed the direct link between Madrid and San Juan in Puerto Rico. The airline offers three flights a week using A330-200 aircraft, the most modern model in its fleet. In total, it offered more than 41,200 seats on this route during the summer season.



With the resumption of the flights to San Juan, the airline has reinforced its leadership in Latin America





2 - Organisational profile



2.3 >>> Airport services activity

With almost 90 years of experience in airport services, Iberia Airport Services is the benchmark company in the handling business in Spain, in terms of both the number of national airports in which it works (29) and the quality and professionalism with which it provides the service to almost 170 airlines.

Iberia tackles its daily work based on the following coordinates:

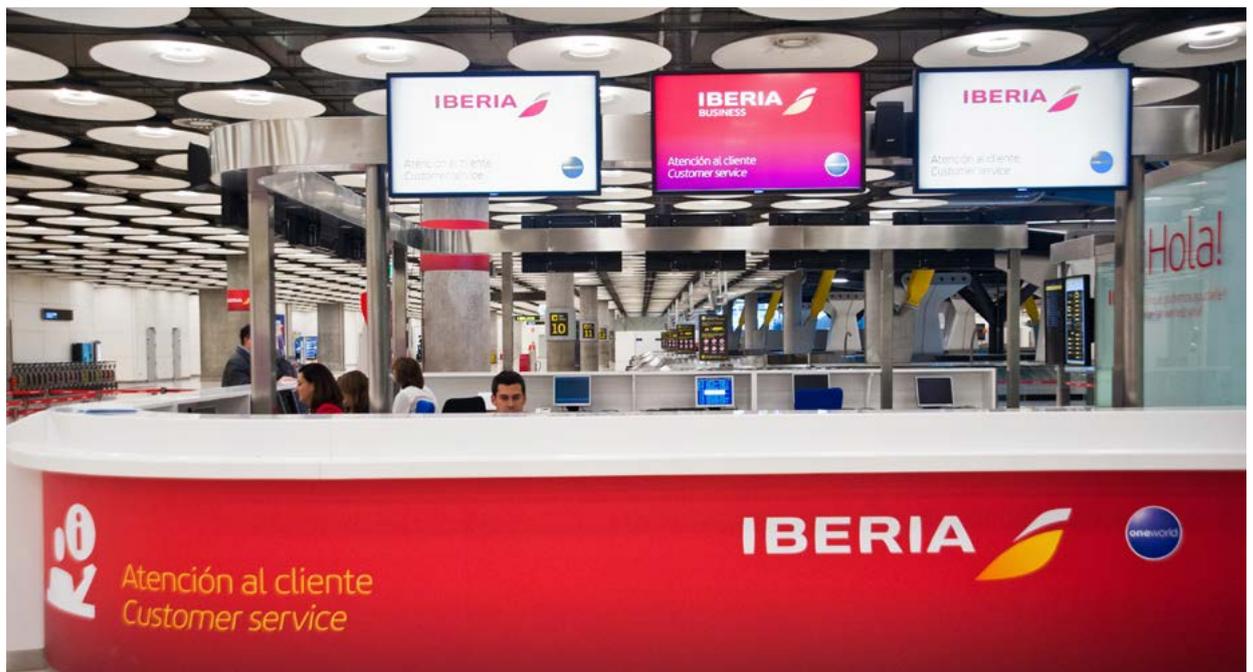
- >>> Excellence: We seek excellence (more than quality) to guarantee the best customer experience.
- >>> Flexibility: The motto is "every customer is different, every operation is unique." Based on this made-to-measure philosophy we also ensure efficiency of the processes adapted to the needs of each customer.
- >>> Safety: Of operations and of everyone who works in the airport environment. It is a transversal business principle that has made the company worthy of Isago certification, awarded by IATA as the highest recognition in the industry in terms of safety in ground operations.



- >>> Commitment to the environment: The company promotes use of renewable energy, emissions reduction and in short, a more responsible and respectful attitude towards the environment.

With a ground fleet of approximately 8,200 vehicles, Iberia is equipped to guarantee everything from the most simple services to the most complete and sophisticated operations. There are three types of service:

- >>> Passenger: Attending airlines' customers in the airport at check-in, boarding, incidents, ticket sales and other special services. To do this, it has a staff focused on excellence and commitment to service.





» Ramp: Provide assistance to the aircraft in ground support equipment, passenger and crew transport, steps, de-icing, communication with the cabin, start-up, exterior inspection and cleaning. It has the best technology, guaranteeing the utmost punctuality and safety in the service.

» Operations and cargo: Managing flight dispatch and cargo transport operations. Iberia has the best automatic classification systems and a specialised team. It is a benchmark service nationally and internationally.

Figures

The year was marked by an increase in activity:

- » 340,560 aircraft assisted, 4.6% up on 2015.
- » 170 client companies.
- » 8,200 ground vehicles
- » More than 88.1 million passengers attended in all the stations in the national network, 8.8% up on 2015.
- » Approximately 57 million pieces of luggage transported, 6.7% up on 2015.
- » 92,373 children travelling alone attended by the Airport Services Department, which is 1.4% up on 2015.

New image

On 12 December, the new workwear for the Airports and Maintenance auxiliary staff was unveiled in Madrid. The uniform, with a more sporting style, was designed in accordance with Iberia's values. The project was tackled in a cross-cutting manner through a task force made up of people from both business areas.

In addition to the new clothing, a new management model was introduced for delivering the uniforms, which are home-delivered

Cascading communication

In June 2016, the business area's management team began a system to communicate the results of the company to all the employees in the Airports business area. The model focuses on the results of the handling area, so as to highlight the figures, objectives and challenges of the activity.





2 - Organisational profile



The results of the 2016 Satisfaction Survey were also shared and a plan of action was raised based on a number of initiatives that reflected to a large extent the suggestions and proposals gathered through the survey.

The more direct and two-way communication system is one of the priorities of the management of the Airports area.

Plan for good use of ground equipment

The Plan to Raise Awareness and Conserve Ground Equipment was launched in 2016 to foster responsible use of that equipment and improve the efficiency and safety of the operation.

In this framework, a list of ten good practice rules was drawn up, a document which positively expresses recommendations on handling ground equipment. It was drawn up in participation with the users.

IBERIA
AIRPORT SERVICES

Formas parte de un gran equipo, cuídalo

10 claves para conseguirlo

- 1 **Haz un uso responsable** de tu equipo, en tus manos está tu seguridad y la de todos.
- 2 **Contribuye a mantener el vehículo limpio** y en buenas condiciones de uso.
- 3 **Usa los equipos adecuadamente:** pon en práctica la formación recibida a la hora de utilizarlo.
- 4 **Sigue las instrucciones de uso** de los equipos y recuerda que está prohibido anular o poner fuera de servicio los dispositivos de seguridad.
- 5 **Estaciona tu vehículo correctamente,** déjalo en el lugar y en la posición adecuada, convenientemente frenado y cuando sea preciso, con los estabilizadores en su posición más baja.
- 6 **Ajusta el equipo** (asiento, retrovisores...) de forma que adoptes la postura más adecuada para realizar tu trabajo.
- 7 **Recuerda que el cumplimiento de las normas** y procedimientos es obligatorio.
- 8 **Reporta las incidencias** en cuanto sucedan, si un equipo no está apto para trabajar informa de ello.
- 9 **En caso de accidente** atiende al accidentado, alerta a las autoridades pertinentes y no olvides hacer el parte cuando la situación esté bajo control.
- 10 **Tu actitud positiva** es un ejemplo para tus compañeros, comparte este mensaje.

2.4 >> Aircraft maintenance activity

Globally, Iberia Maintenance is a benchmark supplier in the maintenance checks and repair of aircraft, engines and components, with programmes tailored to its clients' needs and latest-generation technology systems.

Thanks to its broad experience and specialising in fleets of Airbus A320s, A330 and A340 aircraft, as well as its list of skills in repairing engines and components and its wide inventory of engine and aircraft parts, Iberia Maintenance can provide services to the carriers of the IAG Group (Iberia, Iberia Express, Vueling, British Airways, Open Skies and Aer Lingus) and to a hundred companies worldwide.

Inventory management includes an extensive number of references to ensure the supply of materials and parts, with a high degree of reliability and a limited cost per flight hour

The processes make use of cutting-edge technology that ensures the reliability of these, increases operations involving its own group and cuts repair times. The introduction of continuous improvement programmes to cut maintenance costs and obtain the greatest efficiency in repairs and checks also ensures the highest standards of quality.

With almost a century of experience in Maintenance, Repair and Operations (MRO) services, Iberia Maintenance is ranked second in the aeronautics industry in Spain as regards revenues and workforce, and is the leader in aeronautical maintenance services.

In a highly regulated industry, Iberia Maintenance is certified by the most important international air authorities: the European Aviation Safety Agency (EASA), the Federal

Aviation Administration (FAA) of America and NATO, as well as by different manufacturers, civil authorities, aviation firms and official agencies

Figures

- » Engines: 140 inductions
- » Auxiliary power units: 3
- » Checks: Total Complete Overhauls: 353
- » Components: Repair of 44,000 aircraft components
- » Line Maintenance Checks: 754 A-checks
- » Human Resources: 2,649 people
- » Iberia Maintenance Bases: 22 in Spain, including those in Madrid and Barcelona, where major maintenance can also be provided: 16 in America; 2 in Africa, and 7 in Europe (excluding Spain)

A project for change

2016 was a year of change in the Maintenance area, which set in motion a plan to tackle the future challenges of the business with management more focused on ensuring quality and safety and environmentally friendly processes.

The incorporation of new management systems made it possible to introduce continuous improvement processes, including the implementation of Lean methodology, which accelerates the launch of the services and increases their efficiency



Reflecting this change, the Iberia Maintenance facilities incorporated a series of improvements to infrastructures and renewed the image and work environment to adapt them to the company culture. Additionally, the uniforms were changed for a more updated version which was better adapted to the tasks performed.

The new plans and goals were explained to the employees at meetings held in Madrid and Barcelona.



2 - Organisational profile



Safety and punctuality, priorities

Managing safety (FlySafe) is an absolute priority for Iberia Maintenance and to guarantee it initiatives have been rolled out such as safety walks, marking production areas, the FOD programme and smart tool boxes.

Punctuality (Fly On Time) is another of the priorities of the area, given its importance to avoid negative repercussions on other programmed processes and on flight operations. Iberia was acknowledged in 2016 as the most punctual airline in the world thanks to the effort made by all the departments at the company.

Cost reductions (Fly @ Low Cost) are achieved through innovation, constant improvement of processes (Feel Innovation & Continuous Improvement) and streamlining resources. The basic pillars of a comprehensive, exhaustive, sustainable and reliable MRO plan are thus structured to achieve the best standards of productivity and efficiency.

Introduction of the FOD initiative

The introduction of the FOD (Foreign Object Debris/ Damage) initiative aims to reduce to nothing the debris and waste in the work zone in order to protect it from any sensitive elements and prevent dirt entering the equipment installed in the aircraft.

The initiative received an award from the manufacturer Airbus Defence and Space in recognition of the most efficient implementation of the FOD prevention programme. The prize money was donated to the Asociación Envera to finance the treatment of a little girl in the Disability Early Care Unit.



Consolidation of the customer base

EasyJet and Aer Lingus, among other airlines, signed for the first time agreements with Iberia Maintenance to check their fleets. Customers such as Rolls Royce, DHL, British Airways, Thomas Cook, IAE, SAS, etc. continue to be part of the company's customer base.

Renovation of aircraft interiors

In 2016, the work to carry out the modifications to the A340-600 to incorporate the new long-haul product was completed. This involved more modern seats, which in Business transform into beds that are two metres long, the new individualised on-board entertainment system with tactile screen, optical fibre to improve speed, Wi-Fi and latest generation antennas.



Visits to the facilities

In 2016, 85 visits were organised to the La Muñoza facilities. Nearly 1,000 people were able to see first-hand the aircraft maintenance activities that are carried out in the different areas, both for the Iberia fleet and for other airline companies.

New image

As well as in airports, on 12 December, the new workwear for the Maintenance auxiliary staff premiered in Madrid. The project was tackled in a cross-cutting manner through a task force made up of people from both business areas.

2.5. >>> Iberia Express



Iberia Express is an airline based in Madrid operating short and medium-haul flights since it started operating in March 2012. The airline -100% owned by Iberia- was set up to allow the Iberia Group to offer its customers more affordable rates whilst maintaining the quality of service and sustaining the parent company's long-haul service.

Thanks to this good service, Iberia Express has consolidated its position as the most punctual low-cost airline in the world for the third consecutive year, with average punctuality score of 89.64%, providing service to more than 18 million passengers

The passenger thereby enjoys the same benefits that flying with Iberia represents: flying to major airports, Iberia Plus programme, VIP rooms, in-flight service and entertainment, business class, various flight frequencies, connections to more than 200 destinations, and the safety provided by the company's maintenance, recognised as one of the best in the world.

At the current time, the company flies to 40 destinations (14 national and 26 international destinations). Most of them operate from or to Madrid. In addition, the airline operates the interregional routes that connect Vigo-Tenerife, Tenerife-Lyon, Gran Canaria-London, Asturias-Gran Canaria, Asturias-London, Asturias-Tenerife and Palma de Mallorca-Stuttgart.

The airline competes efficiently and sustainably in an increasingly difficult market. Iberia Express provides the holding company with direct traffic and connections in a profitable way, thereby supporting Iberia in its long-haul growth.



2 - Organisational profile



2.6 >> IAG

International Airlines Group is one of the largest airline groups in the world, with 525 aircraft flying to 255 destinations and carrying around 95 million passengers a year. It is the third largest group in Europe and sixth in the world in terms of revenue.

Created in 2011, IAG is the holding company of Aer Lingus, British Airways, Iberia and Vueling. The company is registered in Spain and its shares are traded on the London and Spanish stock exchanges.

IAG combines the leading airlines in Ireland, the United Kingdom and Spain, which allows them to expand their presence in the aviation industry while keeping their own brands and operations. The airlines' customers benefit from a larger combined network for passengers and cargo and from an increased capacity to invest in new products and services thanks to their greater financial stability.

The airline sector is gradually moving towards consolidation, although certain regulatory constraints still prevail.

The corporate mission of IAG is to play an important role in the future consolidation of the industry, both regionally and worldwide.

Iberia's decision to join a large international group like IAG is based on the following benefits:

- >> Financial strength
- >> Fleet renewal opportunities
- >> Greater strategic importance
- >> Cost and revenue synergies



At the same time, Iberia, due to its market value, offers IAG the following benefits:

- >> Firm leadership in the South Atlantic
- >> High growth potential
- >> Strong cash contributor
- >> Exchange of best practices to optimise costs
- >> IAG seeks benefits for its customers and offers a combined network with more destinations and services



British Airways

British Airways is the United Kingdom's flagship carrier, offering integral services, with a vast global network of routes, flying to and from major international destinations. Other factors that make it stand out internationally are the size of its fleet, the number of flights and the premium transport service it offers its customers around the world.

British Airways flies to over 170 destinations in 70 countries. It has a fleet of more than 280 aircraft and carries more than 40 million passengers a year. The airline has a strong presence at London airports: Heathrow (where it is based in Terminal 5), Gatwick and London City.

British Airways flies to over 170 destinations in 70 countries

In 2016, British Airways incorporated 13 new, more silent and fuel-efficient aircraft into its fleet, contributing to the carbon and noise targets of the IAG Group. The airline continues to develop options for sustainable airline fuels derived from waste materials and contributed to a UK government consultation process to support future fuels.



Vueling

Vueling was set up in July 2004 with the goal of offering excellent customer service at competitive prices. To do this, it had a fleet of two A320 aircraft and four routes.

Over its 13 years of life, Vueling has experienced significant growth. One of its achievements was to join IAG in April 2013 and become leader in Barcelona–El Prat and Rome–Fiumicino airports.

The company flies to 130 destinations with a fleet of 108 aircraft

Vueling offers a wide network of flights all around Europe, the Middle East and Africa. It flies to 130 destinations with a fleet of 108 aircraft, made up of Airbus A319, A320 and A321 aircraft, and has 20 operations bases.

In 2017, the company plans to launch Vueling Next, a future development plan based on two lines of action: operational excellence and passenger service. Its objectives are to gain a strong foothold as one of the leading low-cost airlines in Europe, consolidate its leadership in Barcelona-El Prat airport and capture over the next few years a part of the growth in the European market.



Aer Lingus

Aer Lingus was founded in 1936 with the mission of connecting Ireland with the world. Its goal is to offer the best product with excellent customer service and low rates. It currently has a fleet of 50 aircraft operating more than 100 routes from major airports in the United Kingdom, continental Europe and North America. It provides service to approximately 11 million passengers a year, whilst providing efficient global connectivity along with its associate airlines.

Aer Lingus became the fourth IAG company in August 2015. By joining IAG, it has facilitated its growth, enabling it to offer customers new routes and services, whilst maintaining its emblematic brand in Ireland, where it continues to have its base and management team.

Its goal is to offer the best product with excellent customer service and low rates.



IAG Cargo

IAG Cargo

IAG Cargo is the group's cargo company, and is acknowledged as one of the leading international cargo companies in the world.

It was set up in April 2011 with the merger between Iberia Cargo and British Airways World Cargo, providing customers with access to a single sales force. It was designed around the current and future needs of companies throughout the world.

It is acknowledged as one of the leading international cargo companies in the world

IAG Cargo customers currently benefit from one of the most extensive and diverse global networks with over 350 destinations, including the 120 largest airports in the world for air cargo. Similarly, IAG Cargo invests to offer its customers a unique portfolio of high quality products that covers its extensive network of destinations.



Avios

Avios is IAG's shared global rewards currency and is used in its loyalty programmes: Avios Travel Rewards in the United Kingdom and South Africa, British Airways Executive Club and Iberia Plus.

Avios innovates with the incorporation of new formulas to benefit customers and also provides added-value to the airlines. One of its priorities is to implement initiatives that create accumulation opportunities for e-commerce customers.

2.7 Sustainability strategy

Iberia's sustainability strategy is based on a series of principles that allow the company to continue growing, in line with the services demands of its customers, within a framework of respect and care for the environment. Another key part of its policy is to actively collaborate in the social environment and to promote progress of the societies in which it operates. This commitment extends to the rest of the company's stakeholders: customers, team, shareholders and suppliers.

The Sustainability Department at IAG is responsible for defining the group's strategy on sustainability and set the guidelines and objectives for the companies of the group. The strategy is in line with the 17 Sustainable Development Goals defined by the United Nations. Iberia keeps all its areas informed about their role in developing Corporate Responsibility in their daily work





Department	Area	Responsibility
Sales	Direct contact with customers.	Service quality management.
	Marketing	Customer service design. Advertising and brand management.
Production	Operational quality	Operational safety and quality for customers.
	In-flight service and operations	Direct contact with customers in-flight.
	Ground operations	Direct contact with Customers at international airports
Airport services	National airports	Direct contact with Customers at airports (passenger and assisted companies).
Technical	Aircraft maintenance	Direct contact with customers in aircraft and engine maintenance work (Iberia and assisted companies).
Strategic planning and finances	Strategic planning	Management and development of corporate strategy.
	Management control and administration	Internal control systems of financial information. Shareholder information.
	Procurement and fleet	Direct contact with suppliers.
	Innovation	Research and development project management.
Communication and Institutional Relations and CSR	Internal and external communication	External (customers, stakeholders) and internal (employees) communication systems. Coordination of the Corporate Social Responsibility policy.
	CSR	Social action project management (society). Design and implementation of environmental policies.
	Alliances and aero-political affairs	Relationship with regulatory bodies, associations and development of strategic alliances.
Legal Department	Legal	Relationship with regulatory bodies. Good governance coordination.
	Compliance, corporate risks	Implementation of the anti-corruption and regulatory compliance policy.
Customer	Ground experience and flight experience	Direct contact with customers. Service quality management.
People	Human resources	Direct contact with employees.
Corporate	Coordination of emergencies	Crisis contingency plans.



2 - Organisational profile



Iberia's sustainability strategy is defined in the following goals:

- » Maintain a leading position in profitability, safety and reliability.
- » Earn recognition within society for our transparency, social commitment and protection of human rights.
- » Apply the best environmental practices in our business activities, making rational use of natural resources.
- » Respond to the major concerns of the company's stakeholders. To do this:

- Guarantee the best customer service in terms of quality and responsibility, respecting protection of their rights.
- Create value for our shareholders, fostering respect for the environment and distribution of wealth.
- Support social action initiatives promoted by our employees, engaging other stakeholders.
- Foster personal, labour and social development of our employees within a framework of equal opportunity.

- 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 on any initiatives considered of interest.
- Participate in cultural, educational, sports social and economic development projects wherever we operate

» Ensure that these goals are met, with permanent monitoring to identify opportunities to further the company's continuous improvement in managing sustainability.

Initiatives

The company's commitment to this issue leads it to support the best ethical practices and to participate in the following national and international initiatives, which are used as a permanent reference in their practical application throughout IAG:

United Nations Global Compact Iberia undertakes to meet the 10 principles related to human rights, labour, the environment and anti-corruption, including clauses in our contracts to ensure that they are also met by all our suppliers and service providers.





The International Labour Organization’s Fundamental Conventions. Iberia applies its general principles, recognising 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.

The 17 Sustainable Development Goals (SDG) entered into force officially on 1 January 2016

Sustainable Development Goals. The 17 Sustainable Development Goals (SDG) of the 2030 Agenda for Sustainable Development were approved by world leaders in September 2015 at an historic United Nations summit and entered into effect officially on 1 January 2016. Iberia is committed to them and adopts them to establish

its sustainability strategy. Based on these new universally applied objectives, Iberia will intensify its efforts in order to, together with the rest of the players implied, end poverty in all its forms, reduce inequality and fight climate change

Companies for a society free from violence against women programme. Iberia has joined the protocol set up by the Spanish Ministry of Health, Social Services and Equality to collaborate on supporting and promoting its information campaigns. Taking part in this project demonstrates that the company is committed to equality awareness activities, respect for fundamental rights and the construction of a society free from violence against women.

We support the best ethical practices and we participate in international and national initiatives



2.8 Commitment to Quality

Iberia is strongly committed to its customers and offers one of the highest quality services to ensure their satisfaction. This commitment extends to employees and shareholders in order to guarantee the company's sustainability through efficient management of key processes.

In this regard, all of the company's activities are governed by the strictest quality standards.

Committed to our customers, employees and shareholders to ensure the sustainability of Iberia

Area	Main certifications	Scope	Certifying body
Iberia	ISO 9.000	Training and knowledge management	AENOR
	Verification of greenhouse gas emissions	Flight and ground operations	AENOR
	GRI G4	Corporate Responsibility report	AENOR
	AENOR Mark N	Measuring and monitoring the quality of service	AENOR
	Madrid Excelente	Management excellence	AENOR
Iberia Maintenance	Aeronautical maintenance certifications	National and international agencies (EASA, FAA, etc.)	Competent body
	ISO 9.110 and PECAL	General maintenance activity	AENOR
	ISO 17.025	Meteorological Laboratory	AENOR
Iberia Airport Services	ISO 9.000	National airport activity	AENOR
	ISO 14.000	Environmental management national airports	AENOR



2.9 >> Awards

The hard work of the company and its employees is acknowledged every year through the awards it receives from various institutions and social agents. Below are some of the most significant from 2016.

Iberia and Iberia Express, the most punctual

Iberia and Iberia Express continue to achieve success in punctuality, one of the indicators most valued by customers. In 2016, Iberia and Iberia Express were the most punctual airlines in the world in their respective categories, according to Flightstats, the leading consultancy firm in flight information, services and applications for the travel industry.

This information is published in flightstats.com; to read, please click here.

Over the last four years, Iberia has been improving its place in the punctuality ranking, reaching the top position. It was the fourth most punctual airline in the world in 2013, the third in 2014, the second in 2015 and the first in 2016.

In addition, Iberia Express was the most punctual low-cost airline in the world, a position it occupied for the third year in a row, and is an important recognition at an international level for the effort, commitment and dedication of an airline that was created in 2011.

Oneworld, which Iberia and Iberia Express belong to, was also considered the most punctual air alliance, for the fourth consecutive year



The best transformation process

Iberia received the Airline Turnaround of the Year award in 2016 at the CAPA annual gala held in Amsterdam, the leading aviation information, analysis and data supplier.



Luis Gallego, Chairman of Iberia (on the left) receives the award from Peter Harbison, Executive Chairman of CAPA.

The financial results of Iberia were decisive in the jury's decision. In 2014, the company obtained its first operating profit since the beginning of the economic crisis and in 2015 multiplied them by five. CAPA highlighted that the improvement in Iberia's profitability occurred simultaneously with a growth in capacity by two-figure percentages.

"Iberia's turnaround in the challenging Spanish market has been remarkable. Iberia has achieved major labour productivity improvements and unit cost reductions"
- Peter Harbison, Executive Chairman of CAPA -



2 - Organisational profile



IBTA Business Travel Awards

Iberia received awards for both the best airline for national routes and for routes with America at the IBTA Business Travel Awards, which recognise good practices in the tourism and business tourism sector.

The winners were chosen from the assessments of the association's different travel managers.



Universal Spaniard Award

In November, Iberia received the Universal Spaniard Award 2016, given by the Fundación Independiente. This is the first time in the history of the awards that this has been given to a company.

The award recognises the contribution of the company to the image and name of our country, as well as fostering tourism and spreading our culture. For this reason, the Fundación Independiente decided unanimously to award the prize this year to Iberia.

The Universal Spaniard awards celebrated their 20th anniversary last year. Each year, they choose somebody who has contributed to spreading the image of Spain abroad.

Some of the award winners have been Camilo José Cela, Plácido Domingo, Vicente Ferrer, Federico Mayor Zaragoza, Margarita Salas, Julio Iglesias, Miguel Induráin, Pedro Duque, el padre Ángel, Rafa Nadal, Valentín Fuster and Juan Miguel Villar Mir.

The best travel magazine for customers

The Excelente magazine, which Iberia offers to business customers and in the VIP lounges, received the award for the world’s best customer travel magazine at the Travel Media Awards, the most prestigious awards in the sector.

The Ronda magazine, the other publication available to Iberia passengers, was updated and totally redesigned in 2016. The new version has original content and fresh ideas written in an approachable, informal style, to inspire the community of customers of the Spanish airline, made up of 1.9 million passengers a month, to travel.



Recognition in social networks

The Prnoticias.com group awarded Iberia the prize for the best communication in social media, as part of the 14th edition of its communication and journalism awards.

Prnoticias thus recognised the airline’s efforts to get closer to its customers, communicate useful and interesting information and attempt to resolve any queries of its followers in the shortest time possible.

Carolina Moreno, from the Communication Department and Sara Losa, from Publicity, Brand and Sponsorship, together with part of the Social Networks team, collecting the prize on behalf of Iberia

The new edition is offered on all Iberia, Iberia Express and Air Nostrum flights to and from Spain





2 - Organisational profile



Award at Fitur

At its 2016 edition, the organisation of the International Tourism Fair (Fitur) awarded the Iberia stand the prize as one of the best in the companies category.

The winners were selected based on criteria such as the appropriateness of the stand with regard to marketing needs, the ease of identifying it with the image of the product and the originality and innovation of its design.

Prize for the Iberia Now project

The internal communication project Iberia Now was one of the winners of the 14th Expansion and Employment Awards, which recognise innovation in managing people in companies.

Iberia Now is a mobile app for employees which is based on transparency and transversal culture

This is a strategic tool to manage the internal change to a more agile, more modern company. The app is accessible from any device and makes it possible to reach all its employees immediately.



2.10 >>> Memberships of associations



Iberia is part of **oneworld**, one of the three largest world alliances of airline companies in their natural markets. Since it started it has maintained its vocation of offering its customers a product and service with the highest quality standards. Iberia joined **oneworld** in September 1999, and during these shared years, Iberia has witnessed its expansion. **Oneworld** is an alliance of 15 frontline companies. In addition to Iberia, it includes Air Berlin, American Airlines, British Airways, Cathay Pacific, Finnair, Japan Airlines, LAN Airlines, TAM Airlines, Malaysia Airlines, Qantas, Qatar Airways, Royal Jordanian, S7 Airlines and Sri Lankan Air, and over 30 subsidiaries. The companies in the alliance work to offer their customers an unbeatable travel experience, with the highest quality standards and exclusive benefits for frequent flyers, such as the option to earn and redeem Avios/miles across the entire network.

Emerald or sapphire frequent flyers can access more than 600 VIP Rooms across the world and also enjoy other benefits, such as higher baggage allowances and priority treatment. Emerald frequent flyers can access fast track security at some airports.

Other organisations



IATA (International Air Transport Association). Iberia is part of the International Air Transport Association (IATA), an international organisation that brings together approximately 250 regular airlines, responsible for the majority of national and international air traffic. This forum is dedicated to representing the sector internationally, promoting the simplification of operating processes, lowering costs and improving safety. For passengers, IATA is a guarantee of service quality and synonymous with fair business practices. Iberia has actively collaborated in the association's activities related to Europe, North America and South America.



ALA (Association of Airlines operating in Spain). Iberia is a member of the association and is represented on the Management Board, the Administrators Committee, the Users

Committee and the Safety Committee. ALA has been functioning for more than 50 years 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 purposes include overseeing the safety and quality of the services provided by airlines.



Aceta (Association of Spanish Air Transport Companies) The company is also on the Management Board of the association which defends the interests of the member companies to the Government and agricultural service providers that affect air transport.

the interests of the member companies to the Government and agricultural service providers that affect air transport.



Iberia is also part of the **Latin American and Caribbean Air Transport Association (ALTA)** and, together with Iberia Express and British Airways, the **European Low Fares Airline Association (Elfaa).**

Alliances

Joint Business Agreements benefit both airlines and particularly customers, who have more flight options and more competitive prices. At a time of significant change for the air market, alliances are a major asset for optimising the flight network. The company has signed different strategic agreements in order to manage the routes operated in certain geographical areas together. The agreements influence the capacity, schedules, prices, sales policies and sales conditions, and other variables, resulting in more flight options and a wider sales offering for customers.





3 - Stakeholder engagement



- 1959 -

*Two young passengers watching recent arrivals
in a Super Constellation aircraft*



Iberia considers identifying the stakeholders and understanding their expectations and needs are essential for guaranteeing business sustainability.

In accordance with this strategy the company analyses them to classify them according to their importance for meeting the goals and their capacity to influence the company or be influenced by it.

Iberia's stakeholders are divided into:



Shareholders >> Customers >> Society >> Regulator >> Employees >> Suppliers



3 - Stakeholder engagement



Not all the stakeholders participate directly in the preparation of this 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. Deepening the relationship with our stakeholders is one of the goals of the Sustainability Plan that the company is developing.

As a company, Iberia will assist stakeholders in relation to Sustainability goals

	Breakdown	Goal	Communication Channels	Materiality Analysis
Customers	Airline, airport services and aircraft maintenance customers.	Achieve customer satisfaction with our services. Ensure business sustainability.	- Commercial Communications. - Customer service offices. - Iberia.com - Social Networks. - Call centres. - Claims management. - Events.	- Interviews with key customer service managers. - Complaints analysis.
	Airline associations and alliances.	Defend common interests within the airline industry.	- Direct participation in these associations. - Working groups	- IATA materiality analysis.
Society	Media and society in general.	Maintain permanent interaction with the media. Inform and interact instantly with the digital community	- Social Networks. - Press Releases. - Corporate Website. - Interviews and meetings with journalists. - Institutional Relations	- Interviews with External Communications managers. - Centre for Sociological Research studies. - Market study, Madrid Excelente and FTSE4Good.
	Environmental	Protect the environment and our surroundings.	- IAG Annual Report - Iberia's CR Report	- Applicable law. - External audits. - Internal and external materiality results
Regulator	NGOs and social organizations.	Collaborate actively in organizations, especially those related to our employees.	- CSR Communication Channel. - Corporate Website. - Associated NGOs. - Volunteers' information (Intranet).	- Analyse requests from NGOs and foundations.
	Government, AENA, Civil Aviation, ICAO, IATA, national and local governments	Guarantee compliance with the regulations in each area of activity. Maintain a cooperative attitude with regulators in order to help maximize the benefit of regulation for all stakeholders.	- Working groups. - External audits. - Specific press releases.	- Key aspects of applicable regulation.
Employees	Employees	Contribute to career development and to employee wellbeing	- Internal communication channels. - Regular meetings between managers and employees - Grievance mechanisms. - Suggestions box.	- Internal materiality survey. - Workplace Climate Survey.

Suppliers	Suppliers and subcontractors	Ensure transparent recruitment processes and maintain a relationship that adds value to all parties. Establish and promote responsible procurement	- Supplier management systems.	- Interviews with service procurement managers.
Shareholders	- IAG shareholders. - Market analysts.	Transmit transparently all relevant corporate and financial information. Fulfil the obligations of corporate governance.	- Shareholder and investor relations office. - Shareholders' Meeting. - Board of Directors. - Quarterly and annual reports. - Market presentations. - IAG website.	- Responsible investing criteria. - Key issues addressed in the Shareholders' Meeting. - Corporate Governance Duties, dependent on the Board of Directors.





4 - Material aspects and boundaries



- 1981 -

Guernica arriving in Madrid in the hold of an Iberia Jumbo





Iberia has followed the recommendations of the Global Reporting Initiative (GRI) to prepare the materiality analysis. The sources are those stated in the previous point.



4 - Material aspects and boundaries



Result of the material aspects for each stakeholder:

Stakeholder	General aspect	Specific aspect	CR Report section
Customers Airline, airport services and aircraft maintenance customers.	Product responsibility	<ul style="list-style-type: none"> - Products and service categories where safety and health impacts are evaluated. - Customer satisfaction surveys 	12. Product responsibility
	Economic aspects	<ul style="list-style-type: none"> - Iberia's economic performance. - Company's market presence/weight. - Development of investments and indirect economic impacts. 	7. Economic performance
	Employees	<ul style="list-style-type: none"> - Employee training programmes 	9. Social performance
Airline associations and alliances.	Environmental	<ul style="list-style-type: none"> - CO₂ emissions and other polluting emissions. - Effluents and waste generation. - Our products and services. - Fines and sanctions for environmental non-compliance. 	8. Environmental
	Product responsibility	<ul style="list-style-type: none"> - Products and service categories where safety and health impacts are evaluated. 	12. Product responsibility
Society Media and Society in general.	Employees	<ul style="list-style-type: none"> - Employees (hiring, welfare benefits, etc.) - Company/employee labour relations. - Composition of the workforce (diversity and equal opportunity) 	9. Social performance
	Product responsibility	<ul style="list-style-type: none"> - Products and service categories where safety and health impacts are evaluated. - Customer satisfaction surveys. - Products subject to public debate or banned. - Substantiated complaints regarding customer privacy and data. 	12. Product responsibility
	Economic aspects	<ul style="list-style-type: none"> - Iberia's economic performance. - Company's market presence/weight. - Development of investments and indirect economic impacts. 	7. Economic performance
	Environmental	<ul style="list-style-type: none"> - Impacts of our operations on biodiversity. - CO₂ emissions and other polluting emissions. - Effluents and waste generation. - Our products and services (environmental impacts). - Environmental assessment of suppliers. 	8. Environmental



4 - Material aspects and boundaries

IB



Stakeholder	General aspect	Specific aspect	CR Report section
Society GOs and social organizations.	Society	- Centres with development programmes for the local community. - Evaluation of the social impact of suppliers.	11. Society
	Human Rights	- Agreements and contracts containing Human Rights clauses and employee training in this matter. - Operations and suppliers at risk in terms of child labour.	10. Human Rights
	Employees	- Composition of the workforce. (diversity and equal opportunity)	9. Social performance
Regulator Government, AENA, Civil Aviation, ICAO, IATA, national and local governments	All	- Complaints and claims on environmental matters. - Grievance mechanisms - Complaints about human rights through formal grievance mechanisms. - Significant fines and sanctions for legal violations. - Fines and sanctions related to the provision and use of the company's products.	Various
Employees Employees	Employees	- Employees (hiring, welfare benefits, etc.) - Company/employee labour relations. - Protection of employees' health and operating safety. - Employee training programmes. - Composition of the workforce (diversity and equal opportunity).	9. Social performance
	Corporate Governance	- Company management. Decision-making system.	6. Corporate governance
Suppliers Suppliers and subcontractors	Economic aspects	- Iberia's economic performance.	7. Economic performance
	Environmental	- Environmental assessment of suppliers.	8. Environmental
Shareholders IAG shareholders. Market Analysts	Corporate governance	- Company management. - Decision-making system.	6. Corporate governance
	Economic aspects	- Iberia's economic performance. - Company's market presence/weight. - Development of investments and indirect economic impacts.	7. Economic performance
	Environmental	- Energy consumption in the development of operations. - Water consumed and recycled. - Impacts of our operations on biodiversity. - CO ₂ emissions and other polluting emissions. - Effluents and waste generation.	8. Environmental
	Society	- Centres with development programmes for the local community. - Measures taken by Iberia to combat corruption.	11. Society



Employees are the only stakeholders who have directly participated in the materiality analysis. In addition, existing records and databases showing the company's daily dealings with these stakeholders were analysed and interviews were held with the main managers of the activities directly related to them.

This analysis will be updated annually to ensure that the company is aware of the material aspects of its stake-

holders and manages its Corporate Responsibility on the basis thereof.

With regard to the sustainability goals, in 2017 we will analyse the existing methodology with a view to engaging the direct participation of more stakeholders.

Points 6-12 of this report will analyse materiality according to the nature of the information.





5 - CR Report Profile



- 1929 -

Maintaining an aircraft on the back of a camel in Cape Juby



Every year, Iberia prepares its Corporate Responsibility Report in order to strengthen ties with stakeholders.

The report reflects the commitment transparently and aims to serve as a tool for meeting the information expectations of the different stakeholders of the company, in terms of economic, social and environmental management. A tool that brings us closer to our stakeholders.

Through its publication, Iberia complements the financial and corporate governance information presented to the General Shareholders' Meeting.

**The report reflects the
commitment to and satisfies
the information expectations
of the different stakeholders**



5 - CR Report Profile

Iberia has extensive experience in publishing this type of report. The first report was published in 1994 in order to give an account of its sustainability commitments from an environmental standpoint. Since then it has been reporting information on Corporate Responsibility for the different stakeholders.

The report is available on IAG's website, along with editions from previous years

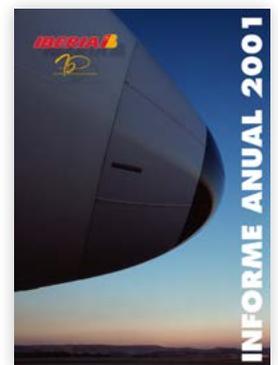
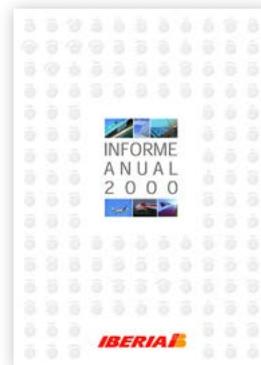
In 2014 it went a step further and tackled a new challenge: follow the criteria set out in the G4 Guidelines, published by the Global Reporting Initiative (GRI), for preparing extensive sustainability reports. This model inspired the 2015 report, and has inspired the 2016 report too, with the certainty that it will increase the interest of its content to stakeholders.

In 1994 Iberia published its first Report on the environment

In order to prepare this report information was gathered for the period 1st January to 31st December 2016. The report covers all of Iberia's activities and prioritises material information, without omitting relevant information.

The report follows the G4 Guidelines criteria for preparing sustainability reports

If there are any variations in the scope and cover of the information, they have been indicated within the report. This year there have not been changes in the formula used for calculating the data provided compared to previous reports.







6 - Governance



- 1963 -

Ceremony to present Iberia's first DC8 aircraft in Long Beach



Materiality

Main stakeholders for whom governance is material:

- >> Shareholders or investors
- >> Society in general
- >> Employees

Main material aspects in order of importance:

- >> Society management
- >> Decision-making system
- >> Ethics and integrity



6.1 IAG – Iberia governance structure

Corporate governance is the set of practices governing and controlling relationships among a company’s stakeholders, such as relationships between Shareholders, the Board of Directors and Executive Management and processes through which these three bodies interact, manage and monitor the future of the company are set out.

Corporate Governance also responds to the demands of the company’s social environment, adhering to the use of good social and environmental practices, with special attention to legal and regulatory requirements.

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

The bodies involved in corporate governance include the boards of directors of IAG and Iberia, which are responsible for defining the goals and strategies, including approving the general policy lines, preparing the programmes and defining the priorities for carrying out the business activity, as well as promoting and supervising management and fulfilment of the goals established.

Iberia is committed to the duties of Corporate Responsibility undertaken in the role performed by various areas of the company

The many duties of the Board of Directors include approving the business plan and annual budgets; the

Representation of corporate governance in IAG and Iberia





financing policy and structure; the risk management and supervision policy and the corporate social responsibility policy, in addition to regularly monitoring internal information and control systems. The Board takes note of and approves the Corporate Responsibility Report, once it has been verified and after its presentation to the Management Committee.

The duties delegated to each area are detailed in the section on Iberia’s CR Policy. Iberia (section 2.7). 

More details on the duties, goals and functioning of corporate governance are available on the IAG website

The Articles of Association and regulations applicable to the management of these governing bodies are published in the corporate governance section of the IAG website.

IAG’s Annual Report also contains information on the remuneration policies, the Board diversity policy and other aspects of corporate governance.

Communication with shareholders

The relationship between IAG and the shareholder is essential for the Iberia Group. For this reason, there is a specific area in charge of developing the consultation processes between shareholders and the senior governing body for economic, environmental and social issues.

The different stakeholders (shareholders, analysts, investors, etc.) can check the IAG website for regularly updated economic and financial information.

Shareholders are called to the IAG Shareholders’ Annual General Meeting where the managers present the Group’s results (annual report and directors’ report). In this way, IAG meets its obligation to inform this group.

From these meetings it was deduced that one of the aspects about which shareholders demand more information is remuneration. IAG addresses this issue in the Annual Report and in 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 aircraft fuel consumption efficiency.



Nominations and remuneration

The nominations and remuneration policy is the responsibility of the Nominations Committee and the Remunerations Committee, respectively, which report to the IAG Board of Directors.

The IAG senior executive remuneration policy is public and published on the Group's website

The terms of reference of this Nominations Committee are set out in the Regulations of the IAG Board of Directors.

With regards to remuneration, the goal of IAG is to offer global pay packages that are competitive with respect to the market average, which are linked to the business strategy and consider the duties, skills and contribution of each person. Full details can be found in IAG's Annual Report.

Diversity on the Board

The diversity policy of the IAG Board of Directors was approved on 18th June 2014.

IAG is a group committed to the value of diversity and non-discrimination, and this is reflected in the Board's determination to have governance bodies with a diverse composition.

More information about Iberia's diversity data (ratio of men to women holding senior positions) is available in the equal opportunity section of this report.

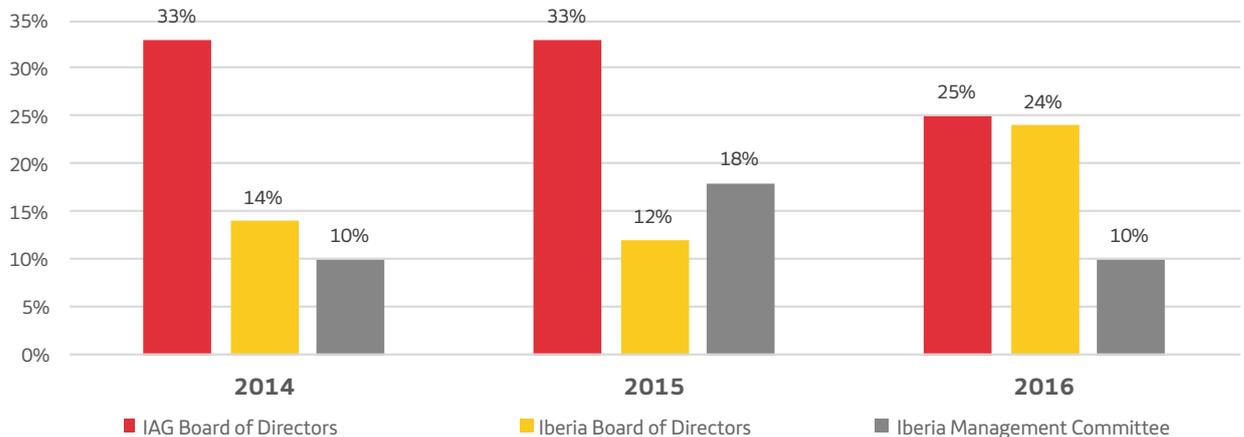
IAG diversity data for 2016

	Nº directors	Nº. non-executive directors	Nº women
IAG Board of Directors	12	10 (84%)	3 (25%)
Iberia Board of Directors	9	4 (44%)	2 (24%)

Iberia diversity data for 2016

	Nº members	Nº women
Iberia Management Committee	10	1 (10%)

Gender diversity (% women)





Conflicts of interest

Reputation is an essential aspect of business that is closely linked to customers’ and the market’s image of the company. Therefore, it is important to identify, control and prevent conflicts of interest. In this respect, IAG has established policies to make sure that there are no conflicts of interest within its governing bodies.

The directors’ obligations are defined in the Board of Directors Regulations. The Annual Report analyses fulfilment of these regulations

To comply with this policy, all IAG employees, including Iberia, are bound by the Securities Code of Conduct, which sets out the rules of conduct follow.

Iberia Group also has a Code of Conduct, which regulates the conduct of Iberia directors, executives and employees when carrying out their duties and in their business and professional relationships.

The code stipulates that they should prevent any personal or family interests from interfering in the decisions, activities, services or advice taken, performed or provided on behalf of Iberia Group.

In 2016, as in the previous year, no conflicts of interest were detected in the performance of duties of Iberia’s Board of Directors or Management Committee.



6.2 >> Risk management

One of Iberia's priority goals is to identify the most significant risks to the company and assess their economic impact, probability and time horizon. To do this, we have the IAG Audit and Compliance Committee. Its main duty is to supervise the effectiveness of internal control of the different group companies. Through its management, control activities are implemented in order to mitigate or eliminate the impact of risks and achieve the goals set.

Iberia reports to the Audit and Compliance Committee through the Business Risk Management System

In addition to the supervision of the Committee, quarterly reports are compiled for Iberia's Board of Directors and Management Committee in order to identify and manage the impacts, risks and opportunities detected through the Business Risk Management System.

Iberia's Board of Directors and Management Committee perform the duties of identifying and managing economic, environmental and social business risks.

In order to guarantee compliance with the Good Governance recommendations of Spain's National Securities Market Commission and the UK Good Governance Code, self-assessment sessions on Iberia's Business Risk Management System are held.

Further information on the main risks affecting the achievement of the group's goals can be found in the IAG Annual Report 2016.

6.3 >> Internal and external audit

The transparency requirements of the securities markets are an important issue for providing security to the reliability of financial information. For this reason, and as set out in the

financial reporting internal control policy, Iberia has monitoring systems based on the reference framework established by the CNMV.

These internal control systems are configured around a protocol of processes that must be followed by the Board of Directors, the Audit and Compliance Committee of IAG, Senior Management and the staff involved.

To support this effort, Iberia has an Internal Audit Department, which is responsible for independent, objective assurance and consultancy.

The Internal Audit department helps us to meet the company's goals, assessing and improving the effectiveness of risk management, control and governance processes

The duties of this department include supporting the Audit and Compliance Committee in supervising the internal control system, including financial information.

6.4 >> Ethics and integrity

Iberia has a Code of Conduct setting out the general guidelines that must govern the conduct of Iberia's directors, executives and employees when carrying out their duties and in their business and professional relationships, acting in accordance with the laws of each country and respecting the ethical principles of their respective cultures.

To guarantee knowledge and compliance with it, various activities are carried out for employees, suppliers and intermediaries. This guarantees that all involved are aware of the principles that govern the conduct of Iberia and its employees in relation to third-parties.

Last year, 1,812 employees received e-learning training on the General Code of Conduct.



The IAG group has a Code of Conduct for Suppliers, which is applicable to the supply of goods and/or services to either IAG or any IAG company. This code reflects the values IAG demands from its suppliers:

- » Act with honesty and integrity at all times in all our business dealings.
- » Provide a safe working environment where employees are treated with dignity and respect.

» Seek to minimise and reduce our impact on the environment.

» Provide supply chain transparency and improve supply chain standards.

In addition, all Iberia employees are bound by the Securities Code of Conduct published by IAG and anti-corruption laws, described in the corresponding section of this report. 

6.5 » Grievance mechanisms

Several tools are available to Iberia Group employees to get advice and solve any incident that they may observe.

There are also grievance mechanisms handled by an external service provider to guarantee total confidentiality.

All reports are analysed and a Reports Monitoring and Assessment Unit, consisting of Senior Managers of the company, is informed in order to review them and take decisions.

The company firmly undertakes not to take any disciplinary action against the employee who, in good faith, reports a grievance.





IB 



7 - Economic performance



- 1996 -

Iberia has been present online since that year with the portal www.iberia.com

Materiality

Main stakeholders for which economic performance is material:

- » Shareholders or investors
- » Society in general
- » Suppliers

Main material aspects in order of importance:

- » Iberia's economic performance
- » Company's market presence/weight
- » Development of investments and indirect economic impacts



7 - Economic performance

7.1 >> Economic figures

This point summarises the main economic data demanded by GRI4. For more details 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 impacts 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 €)	2016**
Recurring operating income	4,090
Operating income (including non-recurring)	4,284
Financial assistance received from governments	0*

Operating profit attributed to the Iberia segment in the consolidated financial statements of the IAG Group was 271 million euros, compared to 222 million euros in 2015

Direct economic value distributed (millions of €)	2016**
Operating costs (including non-recurring)	4,046
Employee wages and benefits	913
Company's total contribution to pension plans	21
Total amount paid in National Insurance	180
Airport or Air Navigation taxes	331
Settled taxes	708
Donations (cash)	0.15
Community investments	0

* 2.2 million received in official subsidies for training, 2 million from R&D+i deductions.

Direct economic value distributed (millions of €)**	Spain	Rest of Europe	America	Other
Operating costs (including non-recurring)	3,733	104	192	17
Employee wages and benefits	893	6	13	1

Direct economic value generated (millions of €)**	Spain	Rest of Europe	America	Other
Employee wages and benefits	2,231	832	919	108
Operating income (including non-recurring)	2,418	834	923	109

**Data obtained from the financial statements of Iberia Líneas Aéreas de España, SA Operadora Sociedad Unipersonal.

Business activity

Iberia's activity in 2016 shows a growth trend, in terms of both offer and demand. The results of the Future Plan, which implemented efficiency measures in all areas of the company, allowed us to make a more competitive offer, recover routes closed in previous years and open new routes.



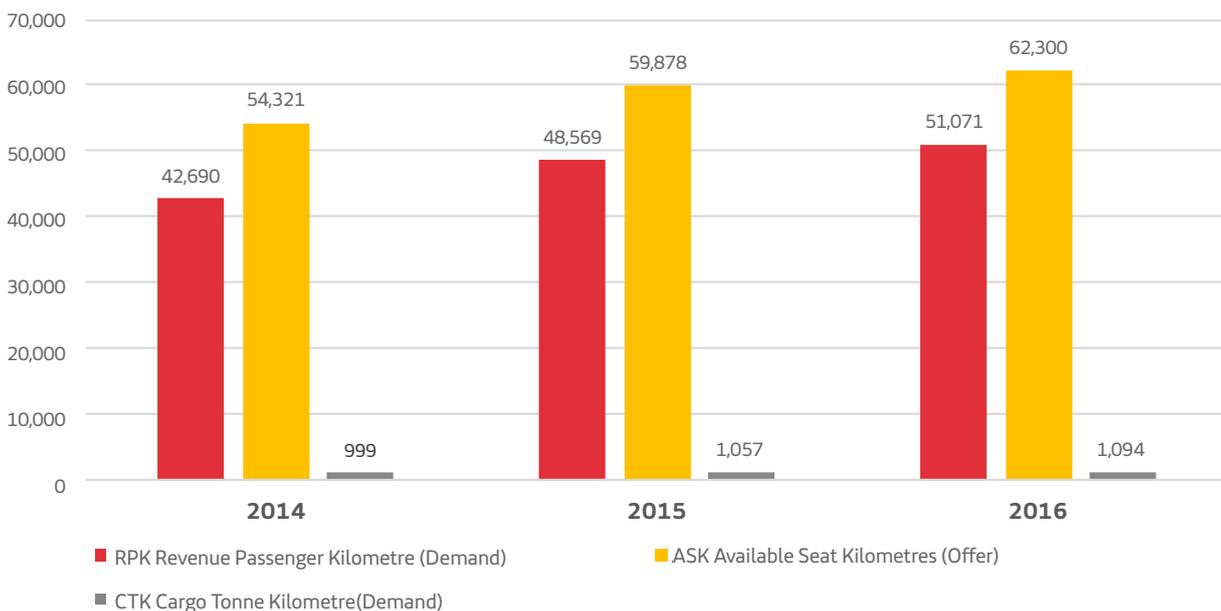
The evolution of the main indicators:

		2016	2015	%
RKT (millions)	Revenue Passenger Kilometre (Demand)	51,071	48,569	+5.2
ASK (millions)	Available Seat Kilometres (Offer)	62,300	59,878	+4.0
CTK (millions)	Cargo Tonne Kilometre(Demand)	1,094	1,057	+3.3

These indicators are the production units that measure the offer and demand of an airline and are used to standardise this data with that of other companies, with different aircraft, different capacities and different routes.

In 2016 Iberia reported a load factor of 82.0%, 0.9 points up on last year

Business activity (millions)





7 - Economic performance



At market level, international load factors reported an upward trend.

Market	Nº of Destinations	%of the total of Iberia's activity (measured in ASK)
Europe	60	21%
Domestic	32	12%
Latin America	20	50%
Africa and Middle East	12	4%
Far East	2	1%
United States	5	13%

As you can see, 50% of Iberia's capacity, measured in available seat kilometres (ASK), is on flights to and from Latin America.

Iberia operates an average of 250 flights a week to 20 destinations in 16 countries in Latin America and is the leader between Europe and Latin America.

In terms of domestic activity, Iberia is second with 29% of total activity (also measured in ASK). The market leader, with a 31% share, is Vueling, which is also an IAG company.

In terms of presence in the Madrid hub, Iberia accounts for 40% of the airport's total activity (measured in ASK).

7.2 >> Innovation management

Iberia invests considerable resources in projects with a strong technological component and classified as R&D+i (Research & Development + innovation) projects by independent experts. It also participates in obtaining subsidies to achieve a greater return on these projects, despite the changes that are happening in the subsidies arena.

Tax incentives represented a significant part of the return on investment achieved. The deduction figure for the 2016 tax year exceeded two million euros.

In terms of public financing, in 2016 funds from the Centre for the Development of Industrial Technology (CDTI) were obtained in order to implement projects classified as research and development projects, which acknowledges its technological importance. The funds are disbursed in accordance with the execution of a series of achievements of the respective projects.

In 2016, three projects were approved with an associated expenditure of 9.9 million euros

In 2015, four projects were approved with an associated expenditure of 9.5 million euros, classified as an investment in R&D+i of 6.0 million euros, enabling 3.8 million euros in financing to be obtained in the form of a subsidised loan,





with a non-refundable tranche of over 750,000 euros to be disbursed during 2016 and 2017. These are the following:

- » **COMINPRO15.** New Integrated Platform of Joint Sales and Loyalty Service for Airlines. It aims to develop various technological systems (NGS and CIP) integrated in a shared platform to support the creation of new joint sales and loyalty programmes for SMEs.
- » **HANDCONC15.** Development of a Joint Airport Handling and Customer Relations Communication System through multiple technological platforms, software and applications that permit greater efficiency and comfort in passenger flow in airports, as well as generating joint multi-management operations and optimising internal communication processes.
- » **INTERNDC15.** Creation of a New International Communications Protocol between Agents and Airlines according to NDC and the development of the technological tools necessary to standardise the language of communications between airlines and travel agents.
- » **OPERCAEF15.** Design and development of operational management processes by reengineering systems and digitalising strategic tools, which includes a new system for simplifying crew management processes,

new systems for engineering and maintenance planning and digitisation of the cabin and flight bag to access information via a single platform using tablets.

In 2016, three projects were approved with an associated expense of 9.9 million euros, with 7.8 million euros classified as an investment in R&D+i, which enabled financing of almost 3.7 million euros in the form of a subsidised loan, with a non-refundable tranche of more than 600,000 euros which will be disbursed during 2017 and 2018. These are the following:

- » **AGIL.** New web platform with optimisation of its architecture and agile software development procedures.
- » **INTEDATA16.** System for the acquisition, treatment and processing of data and information from a multitude of information channels, with the aim of increasing the degree of knowledge regarding customers and be able to create profile segmentation.
- » **DATAFORCE2016.** System which makes it possible to personalise the services and the marketing offered to users and customers.



8 - Environmental



- 2011 -

Iberia undertakes the first Spanish flight fuelled by biofuel

Materiality

Main stakeholders for which the environment is material:

- » Shareholders or investors
- » Society in general
- » Associations
- » Employees

Main material aspects in order of importance:

- » Environmental impacts of our products and services
- » CO₂ emissions and other polluting emissions
- » Environmental assessment of suppliers
- » Impacts of our operations on biodiversity
- » Effluents and waste generation



8 - Environmental



Protecting the environment has been one of the corporate priorities of the company and forms part of its corporate responsibility policy. Iberia constantly strives to achieve a sustainable balance between the development of its activities and its environmental impact.

Iberia's business activities (passenger and cargo transport, aircraft maintenance and airport services) have environmental impacts, consume materials and energy and generate waste and effluents that generally affect the environment.

To guarantee that these impacts are controlled, the company defines and updates a series of measures, including the implementation of environmental management systems; training, motivation and environmental awareness of its employees; periodic internal controls and audits; and collaboration and participation in environmental affairs along with its stakeholders.

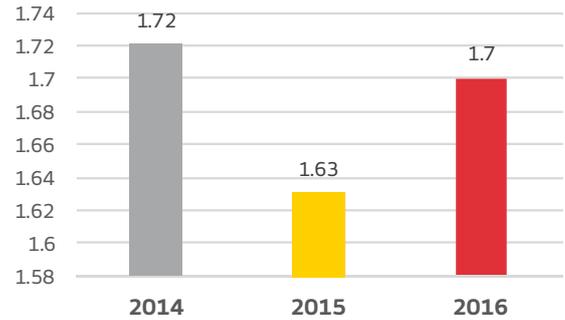
8.1 >> Consumption summary

In the organisation

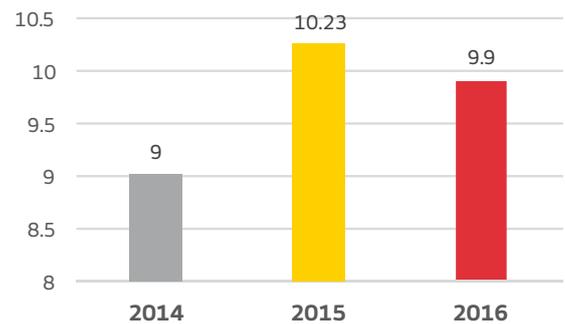
The company's total internal energy consumption is 66,298,369 Giga-joules, 98.9% of which are consumed in flight operations, which use aviation kerosene (Jet-A1) as fuel. The rest of the energy is consumed in ground operations. Electricity, natural gas, petrol and different types of diesel are the fuels customarily used.

Commercial aviation fuel (Jet-A1) has very specific characteristics (high freezing point of minus 47 degrees centigrade, high thermal stability, etc.) and there is currently no economically and logistically viable alternative to it. Although specific biofuels for aircraft are available, such as those produced with energy crops (camelina, jatropha or algae) or from the treatment of different types of waste, their high production costs and other technical impediments make them unviable in the short term.

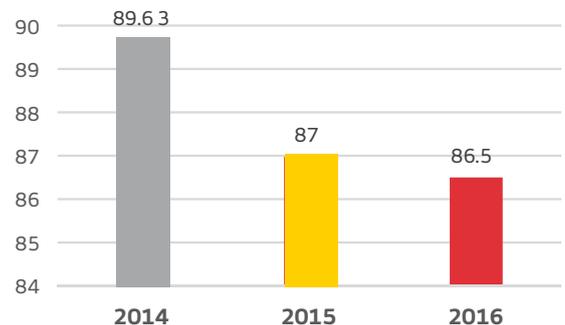
Fuel for reactors
(millions of tonnes)



Average age of fleet (years)

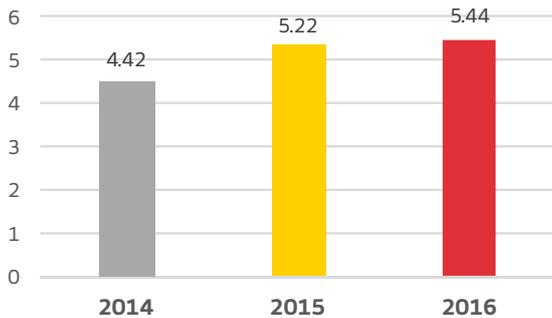


Intensity of emissions due to flight operations (g CO₂/pkm)

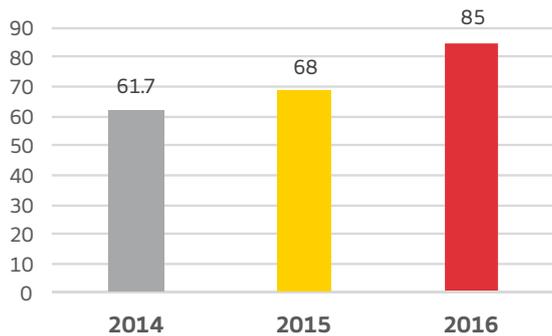


Protecting the environment is one of the priorities of the company and is part of its corporate responsibility policy

Direct greenhouse gas emissions, Scope 1 (millions of tonnes of CO₂e)



Air quality, percentage of the fleet that complies with the CAEP 6 standard of the ICAO



In this respect, Iberia is participating in collaboration with Aena (the Spanish Airport and Air Navigation Authority) and the firm Alga Energy in a pilot project for obtaining biofuel from algae, which are cultivated and processed in a greenhouse installed at Adolfo Suárez Madrid-Barajas Airport.

In 2016 total electricity consumption (295,861 GJ) was reduced by 0.64% across the company.

The reduction in electricity consumption is largely due to implementing energy savings policies, which includes a series of initiatives to reduce energy consumption and the company's carbon footprint.

Consumption from heating and cooling, which totalled 266,190 GJ, rose during 2016 due to the increase in production in the industrial areas versus the previous year.

Outside the company

The energy consumed outside the organisation, contemplating the energy used in catering services and road transport of its employees, totalled 26,224 GJ. The type of fuel considered is diesel A, consumed by catering vehicles and the fleet of buses used to transport employees to the La Muñoza industrial park. The calculation is based on the data reported by the catering company and in the case of road transport, by estimating the average consumption of each bus and calculating the number of kilometres travelled per route.



Energy intensity

The energy intensity of flight operations is measured in grams of CO₂ emitted per passenger carried. This data is calculated based on the litres of fuel used by the company during the year 2016, converted to kilogrammes and converted to emissions (1 kg of kerosene equals 3.15 kg of CO₂) and is divided between the production data, tonnes/kilometre transported (standard measurement in the aviation sector), taking into account the distance of the route, the weight of the passengers, the luggage and cargo transported, depending if these are babies, children or adults.

In 2016, the company achieved energy intensity of 86.48 grams of CO₂ emitted per passenger carried, 3.54% less than in 2014, taking it as the baseline year



Energy intensity in ground operations is measured in tonnes of CO₂ emitted per employee. The different scopes of emissions are calculated (see the ground operations emissions section) and divided between the total employees in the company. Last year, emissions reached 4.45 tonnes per employee.

Water consumption

Total water consumption (252,996 cubic metres) fell by 7.95% in 2016 compared to the previous year, thanks mainly to the savings policies in place. All of the water supplied to the company comes from the mains and no water is collected or recycled or reused at any of its facilities. Among the reasons explaining this reduction are changes in the working models, as well as the awareness raising campaigns carried out among the employees.



8.2 >> Protecting animal species

Iberia does not agree to the transportation in its flights of species at risk of extinction and works in close collaboration with institutions that promote the protection and conservation of these, while actively contributing to returning illegally removed animals to their natural habitat. As an example of this commitment, during 2016 and for the seventh year in succession, Iberia collaborated with the project organised by Fundación Migres for the recovery of these species.

A happy ending for José the turtle

Air Nostrum, Iberia's franchised regional airline, carried a badly injured turtle free of charge from Alicante to Gran Canaria to aid his recovery. The transportation of the turtle involved the cooperation of Iberia's airport services. The animal, weighing 50 kg, was founded wandering along a beach in Almería with serious injuries on its head and shell, probably caused by a boat.



The turtle, given the name of José by the person who found it, is a loggerhead turtle, which is included in the Spanish Catalogue of Endangered Species, and was moved to the wild animal recovery centre in Tafira, one of the benchmark institutions in Europe for treating marine animals.

8.3 >> Combating climate change

Iberia is aware of the importance of combating climate change for the well-being of society. Accordingly, the main goal of its strategy is to reduce its CO₂ emissions, to achieve sustainable, efficient growth. In 2016, Iberia's emissions amounted to 5,434,893 tonnes of CO₂ in its ground and flight operations, an increase of 3.01% on the previous year, calculated according to the Kyoto Greenhouse Gas Protocol. The measures comprising the company's strategy to reduce these emissions are described below:

Flight emissions

As a result of its renewal process, the average age of the company's fleet was 9.21 years at the end of 2016. During the year, the company took delivery of nine A319 aircraft and one Airbus A330-200, used on long-haul international routes. These aircraft boast latest generation technology to optimise fuel consumption and reduce CO₂ emissions. The saving per aircraft is 15% in kerosene (according to the manufacturer's specifications) compared with the previous Airbus 340-300 aircraft, which no longer fly for the company

**The Airbus A-330-200
have latest generation
technology to optimise fuel
consumption and reduce CO₂
emissions**

During 2016, other measures continued to reduce fuel consumption and consequently, CO₂ emissions, such as establishing within the Flight Operations Department, a Fuel Efficiency Support Group (GSEC) with volunteer pilots from different fleets in order to document, debate, develop and publicise fuel savings initiatives by implementing good practices.

Thanks to this, there has been a reduction in early use of the Auxiliary Power Unit (APU) which supplies the aircraft with the energy it needs for start-up, encouraging maximum use of the ground installations, for both electricity and air conditioning. To this end, permanent coordination with the Ground Operations Department has been established to make sure that aircraft are "connected" to the facilities according to existing contracts

Progress has also been made in the fuel management system (FMS), search for the optimum flying level using the Nimbus system and use of alternate fuel, by improving the policy of closest alternative airports (operating conditions permitting), and in the planned reduction of fuel for using the APU on ground, by adjusting it to the real situation.

"Green" approaches in London

In 2016 Iberia achieved a substantial improvement in approaches to Heathrow airport compared to 2015, as was recognised by NATS, the UK's air traffic services supplier.



This progress was made possible thanks to Continuous Descent Approach, also known as "green" approaches. This is a technique through which the aircraft follows a vertical profile that minimises step down procedures. It is applied whenever the safety of the operations so allows and in accordance with the published procedures and air traffic control instructions.

This type of manoeuvre has demonstrated its efficiency in reducing atmospheric emissions, fuel consumption and noise.



New global offsetting scheme

The International Civil Aviation Organization (ICAO) has agreed to adopt a global system of market measures to mitigate CO₂ emissions. The system, called Corsia (Carbon Offsetting and Reduction Scheme for International Aviation), consists of a global emissions offsetting scheme, through which the airline operators will have to acquire from 2021 emission units generated in projects in other sectors to offset the growth in emissions above 2020's level.

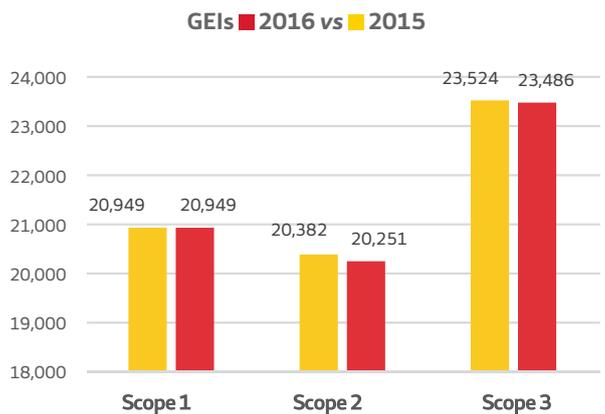


Corsia will be rolled out in two phases: the first, with voluntary participation by the countries (2021-2026) and the second, where it will be obligatory (2027-2035), with the exception of those with very low development levels or international aviation activity levels. Coverage is set out on the basis of routes included between countries participating in the system, with the same treatment for all the aircraft operators that fly a certain route. Only the routes between countries affiliated with the system are subject to offset requirements.

Sixty-six countries have already offered to participate in the system voluntarily, potentially covering 80% of all the international aviation emissions, which is a relevant step to contribute to holding the increase in global temperature below 2° centigrade, as was agreed in Paris. However, many important elements have to be developed throughout the next three years to facilitate the implementation of Corsia, such as monitoring, reporting and verification (MRV) procedures, recording procedures and defining the eligibility criteria of the emission units that the aircraft operators will purchase for the offsetting purposes.

Ground emissions

The greenhouse gas emissions from Iberia's ground operations account for approximately 1% of the total generated by the company. These emissions can be classified into:



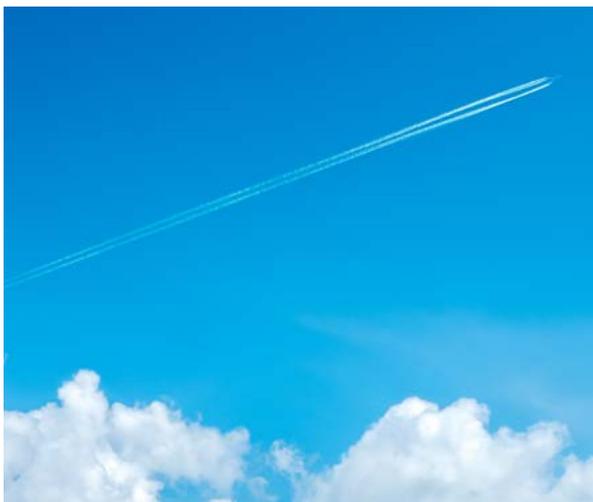
» **Direct emissions (Scope 1).** In our case these are emissions from boilers and diesel and natural gas generators; as well as emissions from petrol and diesel vehicles used for aircraft handling tasks.

These emissions went up in 2016 compared to 2015 due to the increase in consumption through emissions from boilers and generators (diesel) and vehicles belonging to Iberia or which are rented (diesel and petrol).

» **Indirect emissions (Scope 2).** Emissions produced during power generation (by different means) used in the company's facilities. These rose to 20.251 tonnes of CO₂, a volume similar to this in 2015 (see section 8.1)

» **Other indirect emissions (Scope 3).** Emissions produced by the catering services, by the employee transport routes and the other means of transport used to travel to work. The emissions were 23,486 tonnes of CO₂ and remained stable in relation to 2015. This is an estimate, given the complexity of the calculations, as the company does not have direct control over them.

In 2016 direct emissions accounted for 39.7% of the total emissions from ground operations; indirect emissions accounted for 27.92% and the rest corresponded to other indirect emissions (Scope 3).



8.4 >> Local air quality and noise

In addition to CO₂, Iberia must consider its emissions of other gases and noise corresponding to aircraft landing and take-off manoeuvres at altitudes of less than 900 metres (3,000 feet), called LTO cycles (Landing Take Off). These manoeuvres include approach, landing, take-off, climbing and taxiing of aircraft, when nitrogen oxides (NO_x), carbon monoxide (NO) and unburned hydrocarbons (HC) are emitted

The standards for emissions of gases such as nitrogen oxide (NO_x) and noise are set by ICAO

The ICAO is responsible for establishing the maximum emissions of these gases and noise levels for aircraft.

Iberia's fleet fully complies with ICAO NO_x standards (CAEP 1 and 2). With regard to the good practices defined in CAEP 4, its fleet complies 100%. Although the most restrictive standards (CAEP 6 and 8) are not applicable to the company's aircraft engines, their level of compliance has been analysed as a good practice exercise and 85% and 34% were achieved, respectively. In the coming years this percentage is expected to rise when the new A-350 fleet is introduced.

In terms of noise, in 2016 the situation of Iberia's fleet compared to the corresponding noise standard (Chapter 3) reflects full compliance. The entire fleet (100%) complies with Chapter 4, and 34% complies with the new Chapter 14 standard, which will apply for certification of new aircraft as from 31 December 2017.

To mitigate the impact of noise in its operations, the company complies with the operating procedures set out by the Spanish Civil Aviation Authority, making 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 traffic control for arrival and departure at airports. In addition, in 2016 the company introduced new landing procedures for the short and long haul fleet in order to reduce their impact.

Non-polluting cars at Barajas

Last year, testing on a car powered by liquefied gas was begun on the runways of Madrid-Barajas airport. The initiative came from the Ground Equipment department in the Airports area and was in collaboration with Repsol.

The use of liquefied gas prevents polluting particles, which contributes to the objective of reducing emissions, consistent with Iberia's commitment to the environment.

The Ground Equipment Renewal Plan has made it possible as 18% of the equipment will be electrical, and therefore do not generate emissions.



8.5 >> Effluents and waste

The water used at Iberia's industrial facilities in Madrid is treated at EDAR (Wastewater Treatment Plants): one industrial wastewater treatment plant which discharges into the Las Rejas stream 2,626 cubic metres and one urban wastewater treatment plant which discharges into the River Jarama 93,089 cubic metres.

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 these effluents comply with the limits stipulated by the Integrated Environmental Authorisation in industrial areas and the parameters stipulated by the airport and mains wastewater treatment plants.

Iberia produces solid urban waste and hazardous waste in its industrial areas, airport activities and cargo terminals. Iberia produced 1,909.58 tonnes of solid urban waste in 2016. Hazardous waste produced amounted to 1,040.45 tonnes of different types, which were delivered to authorised waste management companies and it is the latter which define the elimination method. Of this volume, 0.05% was reused; 0.2% was recycled; 26% was used in waste to energy, and 73.75% was placed in secure waste deposit sites.

A sustainable catering model

As regards management of the catering waste produced in aircraft, in 2016 Iberia launched an innovative project to establish a sustainable model, together with Biogas Fuel Cell (BFC), ESCI-UPF, Ecoembes, Ferrovial and Gate Gourmet (GG). It is called Life + "Zero Cabin Waste" and affects both waste deemed category 3 waste (generated on flights inside the European Union) and category 1 waste (generated on non-European Union flights).

The aim of the project is to study the different flows of waste produced in aircraft cabins, propose minimisation measures and implement waste separation on board (the recoverable and non-recoverable fraction), as well as collection and processing. It will especially have an effect on category 1 waste, to propose alternatives to the current Spanish regulations, which only contemplates it being sent to landfill or incinerated.



In short, the project will draw up a procedure that sets out the basis for sustainable management of waste, with the least impact possible, by analysing current management and proposing management through life cycle analysis.

More information is available on the project's website: cabinwaste.eu



8.6 >> Environmental management

During 2016, 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 2016, Iberia's 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.

In its ground activities the company identifies and assesses its environmental aspects and establishes its level of impact. Iberia develops its management strategy in accordance with this assessment. The company has externally certified environmental systems management and internal management systems and specific procedures that cover all of the activities related to the environment.

The Integrated Quality and Environment System of Iberia's airport services has been certified by AENOR, under ISO 9001 and ISO 14001, respectively. The special feature of this system lies in containing in a single system the activity of more than 27 elements of the Spanish airports network.

Environment-related spending totalled 10 million euros, including environmental repairs and conservation (one million euros), employee costs associated with environmental management (1 million euros), emissions allowances (six million euros) and environmental tax (two million euros).

Environment-related spending totalled 10 million euros





8.7 >> Environmental projects

IGOS (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 (H₂O, O₃, CO, CO₂, NO_x) and air particles (aerosols and clouds), assessing air quality at certain altitudes throughout the world.

The on-board measuring equipment of one of our Airbus A340 aircraft makes it possible to analyse and assess the composition and quality of the atmosphere at high altitudes and in the middle of the Atlantic Ocean and has made Iberia the first Spanish airline and the third European airline to collaborate in a scientific project of this size, having been selected to take part of the project due to its leadership position in the Europe-Latin America market.



Until it leaves the fleet in late 2017, this plane, with registration code EC-GUQ, flies to different destinations in Latin America and Central America and can carry out long-term observation, while providing information to the weather services practically in real time. These measurements serve to make more accurate forecasts about future weather conditions and to design policies to fight climatic change.

CO₂ calculator

In accordance with its environmental strategy to combat climate change, Iberia provides information to customers and employees about the carbon footprint of their trip.

www.iberia.com and the corporate website of the Company offer a CO₂ calculator, which is available to estimate carbon emissions by journey.



Eco-friendly aircraft paint

Iberia paints its aircraft using the basecoat/clearcoat system and was one of the first airlines to use this system, which offers considerable benefits, as it enables savings of 30% in materials and also reduces emissions and water consumption.

From an environmental conservation point of view, applying a single coat of paint instead of two or three reduces paint consumption, reduces the weight of the aircraft and improves its aerodynamics, which translates into less fuel costs and reduced CO₂ emissions.



The basecoat/clearcoat system enables savings of 30% in material and also reduces emissions and water consumption

The clearcoat protection makes the aircraft's fuselage maintain its shine and colour for much longer, with the resulting aesthetic benefits but also offering environmental and operation benefits, as less painting cycles are required.

Another of the characteristics of clearcoat is hydrophobicity, meaning it discourages the build-up of water and dust. This means less aircraft cleaning is required and reduces fuel consumption, by improving aerodynamics.

Electronic flight documentation

Iberia has enabled the cabins of its aircraft so that pilots can use the Electronic Flight Bag, which makes it possible to do without documentation on paper (an average of 60 kg per flight), save fuel, increase the efficiency of the operation and reduce CO₂ emissions.

The implementation of the system was authorised by the aviation authority after passing a validation process in which a group of approximately 65 pilots, in five aircraft, completed two phases of data checking and verification. A total of 1,500 flights were conducted and 2,160 reports were filled in, with a final satisfaction rating of over 99%.

The use of these devices began in the A-320 fleet, for short- and medium-haul flights, and will soon spread to the long-haul fleet





9 - Social Performance



- 2014 -

A special event, when for the first time in the history of Iberia, on a long-haul flight, the crew was made up exclusively of women

Materiality

Main stakeholders for which social performance is material:

- » Employees
- » Society in general
- » Shareholders or investors
- » NGOs and social organisations.

Main material aspects in order of importance:

- » Protection of employees' health and operating safety
- » Employee training programmes
- » Employees (hiring, welfare benefits, etc.)
- » Company/employee labour relations
- » Composition of the workforce (diversity and equal opportunity)
- » Equal pay for men and women



9.1. >> Employment

Iberia has a diverse staff consisting of 16,283 employees divided into five groups, which include National Ground with 71.60% of staff; Cabin Crew, with 18.71% and Pilots with 7.42%.

Staff breakdown by group

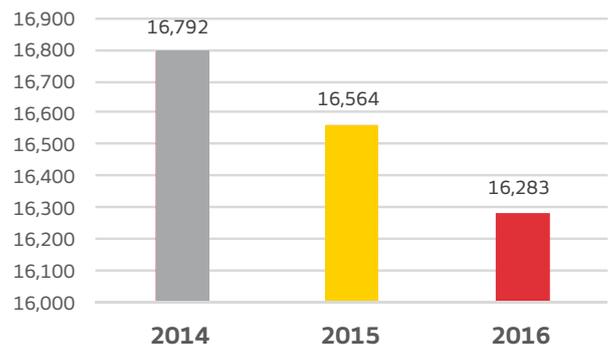
Group	Nº of people	Average	Average length of service
National Ground	11,658	44.27	15.3
Cabin Crew	3,046	44.54	18.47
Pilots	1,209	45.85	16.95
Local staff	357	46.5	14.16
Spaniards outside national territory	13	45.15	18.46
TOTAL	16,283	44.49	16.37

Staff breakdown by business area

Business area	Ground	Flight	Total
Corporate	467		467
Air transport	1,561	4,255	5,816
Airports	7,351		7,351
Maintenance	2,649		2,649
GENERAL TOTAL	12,028	4,255	16,283

In 2016, the trend of a falling headcount continued, due to the labour force adjustment plans (ERE), largely made through early retirements and voluntary redundancies to achieve a more streamlined organisation.

Workforce



Quality of employment

Iberia is committed to quality, indefinite employment and upholds this aim as part of its goal of building an ambitious and competitive company.

Staff breakdown by contract type

Contract type	Nº. of people
Indefinite regular timetable	11,595
Indefinite part-time	1,540
Indefinite discontinuous	199
Indefinite irregular timetable	1,484
Temporary	1,465
TOTAL	16,283

Of its total contracts 8.99% are temporary and meet the company's need to adjust workloads due to the seasonal nature of the activity.

No. of temporary contracts that have changed to indefinite	389
--	------------

Employees with temporary contracts enjoy the same welfare benefits as employees with indefinite contracts (healthcare, access to grants, special salaries, luncheon vouchers and free plane tickets, in addition to other benefits).

The relationship between salaries at Iberia and the minimum wage is the following, in euros per year:

Minimum wage	9,172,8
Iberia minimum wage:	14,457.5
IBERIA AVERAGE WAGE:	45,867.3

Hence, the average salary in Iberia is five times higher than the Minimum Wage

People with disabilities

In pursuance of the applicable laws and regulations, Iberia must hire a number of people with disabilities equivalent to no less than 2% of its total staff.

Given the company's complex productive nature, it is especially difficult to incorporate a sufficient number of people with disabilities to meet that quota so the company meets its legal obligation through the alternative measures stipulated by law.

In both cases Iberia guarantees compliance through its collaboration with the Envera Association, the activity of which is described later on in this report.





9.2 >> Relations with employees

Union representation

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

Flight staff is 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 18 Workplace Committees and a further 13 workplaces nationwide have workers' delegates.

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

Percentage of union membership through wages

Ground	61.30 %
Cabin Crew	32.74 %
PILOTS	100 %

Internal communication

If in 2015 the challenge was to make internal communication into a strategic lever to boost the company's transformation, especially cultural change, in 2016 efforts focused on fostering pride in belonging, motivation, direct contact and employee commitment to achieving the goals set.

Although the company has experienced a spectacular transformation in record time, we are only halfway there and we still have a way to go.

Iberia Now

Therefore, in February 2016 a new and disruptive internal communication tool called Iberia Now was born. This is a corporate app that employees, voluntarily, can download to their personal mobile devices and therefore have within their grasp the most useful and popular functions from our Intranet, such as pay slips, issuing tickets, email, their calendar or the directory.

Just a few months after the launch, 14,500 employees had installed Iberia Now on their mobiles or tablets and the app had been downloaded 21,000 times

Thanks to Iberia Now, the communication gap that existed between the crew and the maintenance and airport personnel who do not have company computers or mobiles.



Descarga Iberia Now,
la nueva app para iOS o Android
<https://grupo.iberia.es/iberianow>

At the same time, it has made it easier to access the information, which results in greater employee satisfaction and involvement.

In addition to the appreciation of the app by the workforce, which considers Iberia Now to be a considerable step in internal communication, the app has received the award for the Best Online Platform for efficient internal communication management, given by the Internal Communication Observatory, and won second prize for innovation in human resources at the 14th Expansión Awards.

In 2016 new initiatives were launched once again to boost direct communication in the field, especially in the maintenance and handling areas. In the specific case of maintenance, several events were held in the hangars, where the new technical director, André Wall, shared with a large audience the projects and challenges for the year. Several different sessions aimed at team leaders and management personnel were also organised to develop leadership and communication skills.

Extensive work was carried out under the responsibility of the National Airports Director, José Luis de Luna, and the director of Iberia Airport Services, Ángel Marcos, in the Airport Services Division to get to the Spanish stations first-hand information about the financial results of the company and the objectives to be met in the year.

2016 concluded with a pioneering event at Iberia: the first gathering involving the entire management structure (a total of 400 people), which brought together specialists and directors, to have a global vision of the road travelled and analyse the next challenges

Additionally, on the occasion of the 70th anniversary of its first flight to Latin America, different in-house commemorative activities were arranged, such as prize draws, competitions, historical videos or special editions of our corporate newsletter.

Thanks to this and other actions, the results of the second edition of the Satisfaction Survey, carried out in March 2016, reflected an improvement of 25 points in employees' perceptions of internal communication.



Social funds

Solidarity fund

These funds are used to meet social needs, such as scholarships, grants for children with disabilities and chronically ill children, welfare loans and expenses incurred through sickness, to name a few. 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

The company and each employee make monthly contributions (50% each) through their salary to the pension fund, 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 staff, it also covers long duration temporary disability and death

Group life insurance

This insurance covers death and permanent disability. In the case of flight staff, 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 organises leisure and sports activities for company employees and their families, thereby fostering values such as the family, solidarity and teamwork. The Club Iberia budget is funded mainly by membership fees and an annual contribution from the company, which also provides premises for the Club's offices and facilitates internal communication for all employees via the intranet.



9.3 >> Occupational health and safety

Iberia has an organisation which deals with and handles occupational accidents, occupational hazard prevention. It has the necessary human resources, facilities, equipment and financial resources, partly owned and partly through arrangements with external companies, entities and specialists.

The Prevention Plan is the tool that eases integration of prevention in the company and establishes the necessary procedures to perform preventive activities and include prevention aspects in the different management areas.

Another important function is advising the three types of Health and Safety Committees: Inter-workplace committee, Workplace committees, Flight workplace committee, which is special as this workplace is unique. Members of Iberia's Prevention Service sit on all these committees.

Iberia has an internal regulation, "SH-203. Coordination of Business Activities", through which it meets all the obligations arising out of the application of both Article 24 of the Occupational Hazard Prevention Act and Royal Decree 171/2004, implementing it. As regards work-related accidents and in accordance with the business obligations contained in the aforementioned regulations, contractors are obliged to report the accidents that happen as a result of the expected risks between companies, as well as to carry out the corresponding investigation. Depending on the conclusions of the investigation into the accident, any additional preventive measures required are adopted. The current version of the regulation does not include the obli-



gation for all accidents to be reported by contractors, and thus there are no joint statistics available for the workplaces where Iberia is the titular entrepreneur.

At Iberia, all job positions have the required risk assessment and the workers are given training on and informed about the risks as well as the applicable preventive measures. In all the assessments, control actions are included so that no employee is subject to risks classified as "significant" or "intolerable" in accordance with our Prevention Plan. Furthermore, and in accordance with the provisions of the Prevention Services Regulation, the risk assessments identify those tasks that require the presence of a "preventive resource" (there are 14 tasks of this type, all of which are related to aircraft maintenance).

Employees who have suffered accidents receive assistance in recovery, support and advice from the Aviation Medical and Assistance area, which applies the appropriate treatments and rehabilitation system for the injuries suffered by each employee



9 - Social Performance

No. of occupational health and safety committees	19 committees + 1 Inter-workplace committee
No. of prevention delegates	88; 69 DP with committee + 13DP without committee + 6 DP inter-workplace
% of workers represented on committees	100%
% absenteeism rate due to occupational accidents	0.78% Total Iberia; 0.91% Ground and 0.39% Flight
% accident rate compared to 2014	21.8%
Economic sanctions for breach of prevention laws	4

	Men	Women
Number of days lost due to occupational accidents or commuting accidents	27,143	14,022
Number of fatal accidents	0	0
Number of serious accidents	1	0
Number of minor accidents	883	328

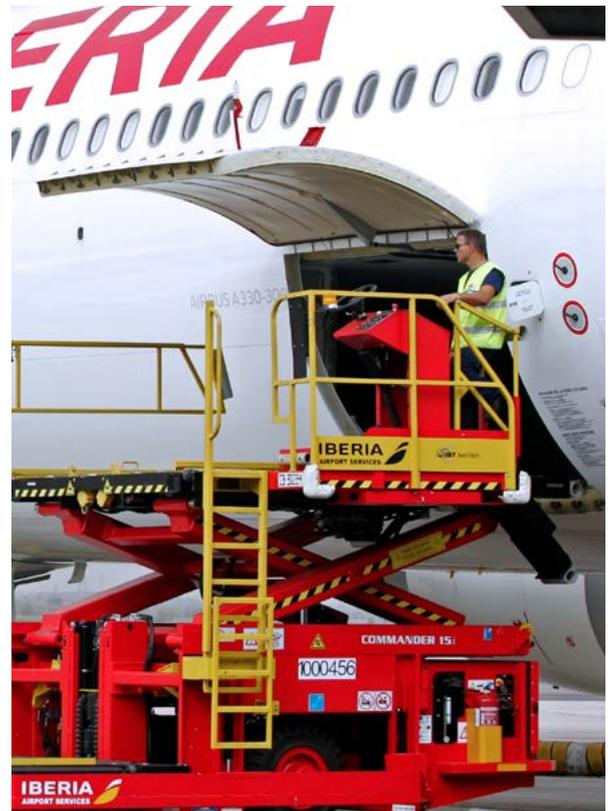
Occupational Hazard Prevention Training

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

- » Knowledge of the basic principles, including laws and regulations in order to be able to identify risk factors related to their work.
- » Understanding the risks of their job, and the source, causes and possible effects on health of those risks should they occur.
- » Knowledge of the preventive measures that, when applied to the job, allow the risks to be controlled.

Occupational Hazard Prevention Training 2015

Number of courses	272
Number of students	6,811
Hours of OHP training per employee	2,27



9.4 >> Personal development

Iberia is aware of the need to seamlessly combine the employees' skills and their professional aspirations with the company's strategy and its demand for talent. To this end, several actions are in place, which are summarised below.

Specialists

The Specialists Project is part of the Iberia's objectives of modernising the organisational structure and promoting meritocracy.

With this purpose, key positions have been identified which, although they are not directly in charge of a team, are a point of reference in the organisation.

They are the most important positions in each area, together with those of management, and the objective upon identifying them is to recognise their contribution to the company's strategic objectives through individual efforts.

Employee profile

This is a decalogue of what Iberia expects from its employees, a model of conduct and accountability, which makes the company stand out in a difficult and competitive environment.

It is progressively being included in all the employee development processes and all the employees will be measured in accordance with its principles.

Employee profiles have begun to be a reference in job descriptions, searches for talent, entertainment programmes, recognition systems, etc.

Talent pool

This programme seeks to strengthen and identify new talents inside the company that meet the following characteristics:

- >> Total mobility (functional and geographical).
- >> High performance and considerable learning capacity.
- >> Interested in assuming more responsibility.
- >> High level of English and IT skills.
- >> Commitment to the company's project.
- >> High energy and initiative; proactive.
- >> People skills.

In exchange, we offer each participant a personal development plan, with the support of a development expert, agreed with their line manager and consisting of:

- >> Interview to assess potential.
- >> Participation in projects.
- >> Speaking at management committee meetings.
- >> Participation in task forces and working groups.
- >> Feedback sessions.
- >> Preferential participation in conferences and round table discussions led by Iberia.
- >> Opportunity to access the mentoring programme.

Each member of the Management Committee acts as a sponsor for the programme, contributing to the progress of the participants through monitoring their development plans, enabling their participation in different projects and ensuring exposure to the highest levels of the organisations. The plan lasts 12 months.

**This programme seeks to strengthen and identify new talents
inside the company**



Graduate Experience

The company has put in place Iberia Graduate Experience, a project which transforms its scholarship policy with the goal of attracting young talent and collaborating with academic institutions to ease access to the job market by recent university graduates.

The graduates have to contribute to the results of the company's cross-cutting projects, but above all these programmes have to include a training plan for young graduates that contribute to their development being their first professional experience and reinforce brand values throughout the process.

Succession planning

Planning for the succession supports the company's Strategic Plan, helps to outline the vision for the future, minimises leadership gaps for critical positions and provides opportunities so that the best talents develop the necessary skills for future roles.

From that point, personal development plans were designed for those who were identified as future successors, due to their ability to assume greater responsibility in terms of scale and/or scope.

In the case of Iberia, management of succession begins with the Performance Assessment Process, which concluded at the end of March 2016 and made it possible to structure an available group of successors for the key leadership roles

Training

Through training Iberia guarantees the qualification of all those who work in the different operating scenarios, in order to respond to sector requirements and quality and safety targets set by the company and applicable regulation.

In this regard, a large investment is made in training and development every year, led by the People Department, which coordinates and designs the company's joint training plan. This plan covers technical/regulated training schemes and skills development training required by the different businesses, perfectly aligned with aviation requirements and the strategic business and company objectives.



In view of the circumstances of air transport, highly regulated and constantly adapting to new procedures and customers' needs, Iberia is clearly committed to ensuring that its employees have the necessary expertise. This requires a great deal of training in operations, both for new employees and ongoing training (above all, skills, licences and certificates in compliance with laws, regulations and requirements of the sector).



Iberia makes a clear commitment so that the company's employees have the necessary expertise





9 - Social Performance



The principles of the training model in Iberia are:

» **Be a strategic lever of the company:** Iberia culture and values.

» **Alignment with the business:** improvement of individual and company's performance.

» **Professional development:** Individual Training plans.

As a result of the high level of specialisation and the specific nature of the technical know-how, a large part of the training is designed and given by internal instructors, selected from specialised 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 also worthy of special mention.

The results of training given in 2015 are:

Training data

Number of courses 9,230
(for 902 different programmes)

	Men	Women
Number of students	88,873	44,747
Hours Monitor	45,907	18,475
Hours/student	181,294	330,977

Average no. hours per job category

Superior Group Managers and Technicians	27.6
Pilots	60.1
CabinCrew	14.0
Technicians / Specialists	37.1
Administrative / SupportServices	32.5



Management Courses and captain training

Iberia has a pilot training process in place to meet the company's need to fill captain positions.

There are three phases. The first phase, Management courses, consists of training the pilot in different topics related to laws, regulations and disciplines that they do not usually put into practice as pilots.

In the second and third phases they are trained in the technical aspect using a flight simulator and flight training. These courses finalise the process, after the online verification that one of our testers authorises.

After passing all of these tests, the pilot can fly in command with the standard crew.

School of inhouse trainers

In order to be able to meet the needs of the business as regards the demand for new trainers, during 2016 there were three trainer career recruitment procedures. As a result of this process, a total of 85 new trainers were selected and received 1,360 hours of training. In addition, skill acquisition continued to be fostered through workshops such as the session on high-impact presentations and the course on managing conflicts.

One innovation was recruiting and training in-house trainers who in turn teach the new trainers teaching techniques and skills.

Maintenance Instruction Centre (CIM)

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. It provides training on engines, aircraft line maintenance, aircraft components and the skills required to comply with applicable regulations (EASA 147 and EASA 145), in addition to other activities.

Operations Instruction Centre

The goal 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.

Due to this high level of professionalism of its employees, 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 applicable regulations nationally and internationally.

Training plans in certain area

Senior Programme People

Designed with the goal of obtaining a strategic, global and practical vision of the human resources function.

» **Methodology:** series of workshops coordinated and designed for top-level directors and managers. Each of these coordinators is responsible for preparing the content of their workshops, as well as to propose external speakers that they will include

The workshops are held on Fridays (one per month), in a full day format and with 25 participants per session.

It is estimated there were a total of 1,750 hours of training in 2016/2017.





9 - Social Performance



Summer School

The fifth edition took place between 4 July and 25 August, with a total of 29 activities carried out and 560 participants.

Last year, as a new feature, it had different formats depending on the target audience:

» General Summer School - 20 activities

» People Summer School - 7 activities

» Trainers Summer School - 2 activities

Scholarships and internships

Iberia has agreements with various national and international universities and training schools. Similarly, it collaborates with the government and academic institutions on implementing the education system, offering internships to students and to Vocational Education and university graduates, from both Spain and abroad.

The scholarship programme has a dual goal: give young people their first contact with the labour market and get their contribution to the company's projects

The programme also helps us to detect young professionals with potential and talent for the future of our sector.

Scholarship agreements

Educational Cooperation Students	7
Vocational Education Students	47
Post-graduate scholarships for graduates	23

Internship Programme

Contractual novation to employees	13
Interns hired on work practice	6
People on work practice and relief contracts that have been consolidated	5

Scholarship agreements

Iberia is constantly seeking talent, both internally and externally, as talent is a critical factor for guaranteeing the company's competitiveness.

Attracting talent for management posts

	Men	Women
No. of employees who joined Iberia in 2015	27	23

In 2016, the number of external recruitment processes doubled compared to the previous year



As regards internal selection, the company has established a series of protocols and skills profiles to detect the professionals with the greatest potential. Once detected, they are supported by personalised training programmes, continuous assessment and professional development and succession plans, where talent is directed towards the field of specialisation or management. These are also included in leadership development programmes to enable the company to have on board professionals who can apply their abilities to the circumstances required by the company's businesses at any given time and ensure positions of responsibility are taken over.

Iberia also has a job posting policy, which is a key tool for supporting mobility and providing equal opportunity when internally filling vacancies within the company. Jobs and their profiles are posted every week, not only in Iberia but also in the group, so that any employee who believes they meet the requirements of a post can submit an application to be assessed by the recruitment services.

In 2016, 237 jobs were posted and managed, most of which were opportunities for internal mobility or development, amongst which the following stood out:

- »» 15 management jobs, including directors, managers and heads.
- »» 14 senior positions.
- »» 23 specialist positions.
- »» 30 senior operating positions in the businesses.
- »» 92 positions for agents or analysts
- »» 5 opportunities in the Production Department for pilots: copilot instructors for 320 and 340, in-flight safety officials, linguistic skills assessors and CRM facilitators.
- »» In the Cabin Crew Division, a job posting was chief flight attendants, as well as four external offers.
- »» Crew members to cope with the increased frequencies and new routes including, among others, Shanghai and Tokyo.
- »» 49 opportunities in the Group, secondments, Vueling, Avios, Air Lingus, etc.

**In 2016 237 jobs were posted
and managed**





9.5. >> Diversity and equal opportunity

The company has a policy of hiring local staff, so that, apart from a few positions within the structure of some sales offices, 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.

Gender diversity

Staff breakdown by classification and gender in 2016

Diversity by job category	Woman		Men		Total	
	Nº	%	Nº	%	Nº	%
Senior Management ¹	5	14.3%	30	85.7%	35	0.3%
Technicians and structure	375	46.4%	434	53.6%	809	6.7%
General administrative team	2,915	69.9%	1,254	30.1%	4,169	34.7%
Support services	412	9.6%	3,891	90.4%	4,303	35.8%
Aircraft Maintenance Technician	29	1.4%	2,094	98.6%	2,123	17.7%
Other (including local personnel abroad)	196	33.3%	393	66.7%	589	4.9%
Total Ground (a)	3,932	32.7%	8,096	67.3%	12,028	100%
Pilots	64	5.3%	1,145	94.7%	1,209	28.4%
Cabin crew	2,164	71.0%	882	29.0%	3,046	71.6%
Total Flight (b)	2,228	52.4%	2,027	47.6%	4,255	100%
Total General (a+b)	6,160	37.8%	10,123	62.2%	16,283	100%

¹Senior management at Iberia LAE refers to the Management Committee and next level managers

Staff age pyramid by gender:
% women/men in each age group

	Women	Men	Total	% women	% men
<30	201	760	961	21%	79%
30-50	4,444	6,394	10,838	41%	59%
>50	1,515	2,969	4,484	34%	66%
TOTAL	6,160	10,123	16,283	34%	66%

With regard to the organisational structure, the breakdown of men and women in management positions is the following:

	Women	Men	Total
Chairperson	-	1	1
Management Committee	1	7	8
Director	5	26	31
Manager	16	39	55
Head	43	65	108
Supervisor	36	71	107
Specialist	21	21	42
Other outside cc	2	-	2
TOTAL	124	230	354



The salaries of employees covered by collective agreements are established according to their professional rank, length of service and position.

The salaries of employees not covered by collective agreements (management, senior staff) are 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.

	% Average difference men/women
Manager	3.35%
Head	-5.80%
Supervisor	-1.52%



Work-life balance policies

Iberia applies reduced working hours for legal guardians to promote childbirth and protect maternity, paternity and care of the elderly, for which 2,029 employees signed up in 2016. The company takes into account the risks that employee's work may entail for pregnancy and breast-feeding, especially within flight crews, permitting different possibilities for reducing working hours, temporary suspensions of contract and the processing of benefits, all regulated by collective agreements.

Number of employees signed up for Reduced Working Hours for Legal Guardians in 2016

	Women	Men	Total
Ground	626	349	975
Flight	839	215	1.054
Cabin crew	822	135	957
Pilots	17	80	97

In 2016 Iberia received no claims for discrimination on grounds of age, race, religion or sex.

Combatting discrimination and harassment

The Code of Conduct specifies that 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 employee training and fosters an environment in which equal opportunity is effective and guarantees non-discrimination.

More specifically, the cabin crew and pilots collective agreements state the penalisation of "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 such conduct or behaviour occurs from a position of hierarchical superiority, this will be considered an aggravating circumstance."

The Ground collective agreement lists as very serious misconduct "sexual harassment or sexual, verbal or physical aggression directed against the dignity or privacy of persons" and "psychological harassment".

During the year 4 complaints of psychological harassment were dealt with following the protocol in place in the company for this type of complaint.

The company has published protocols for action in case of complaints for psychological harassment and sexual harassment or on the grounds of gender, to guarantee the correct handling of complaints, the corresponding investigations and the appropriate decisions.

9.6 >> Supplier labour practices

In Iberia there are workplaces where different companies work together and it is therefore necessary to find an appropriate balance between the health and safety of the employees and flexibility in applying occupational hazard prevention plans. In this situation, a key element for managing prevention programmes is coordination of business activities.

At Iberia coordination of occupational hazard prevention guarantees that the following goals are met:

- >> Correct application of the working methods by the companies operating in the workplace.
- >> Control of interaction between the different activities performed at the workplace.
- >> Adaptation of prevention measures to the hazards in the workplace that could affect the employees of the different companies operating there.

In 2016, coordination with companies that provide services to the company's various businesses was carried out through the GICO application. In addition, this is in accordance with the objective set in 2015 for all coordination to be carried out using this system.

Iberia has different regulations governing Coordination of Business Activities, including the internal regulation SH-203 on Safety and Hygiene.

In 2016, training was given on the GICO application to the people involved in the process in coordination with other companies

The rule requires both the company and the firms providing services to Iberia to exchange information. A clause informing the tenderer that GICO will be used to perform coordination of business activities and a data collection sheet used that it must fill in before the activity begins have been included in the contracts made. These two documents will facilitate the exchange of information about any occupational hazards that may arise, both for the Iberia employees and for those of the contractor's company, during the provision of the services.

In order to adapt to new needs and improve compliance, in 2016 temporary instructions that update this regulation were published on the Occupational Prevention Portal.

H. Prog	IB	Flight No.	Destination	Class	Time	Status
18:50	IB	3256	Milán	HJK	18:30	En hora
18:50	AA	5829	Milán	HJK	18:35	En hora
19:00	IB	2820	Valencia	HJK	18:35	En hora
19:05	IB	0522	A Coruña	HJK	18:35	En hora
19:05	BA	7108	A Coruña	HJK	18:45	En hora
19:15	IB	8198	Murcia	HJK	19:05	En hora
19:35	I2	3920	Palma Mallorca	HJK	19:05	En hora
19:35	IB	3920	Palma Mallorca	HJK	19:05	En hora
19:35	S7	4763	Palma Mallorca	HJK	19:05	En hora
19:50	IB	3208	Bruselas	HJK	19:20	En hora
19:50	LA	6111	Bruselas	HJK	19:20	En hora
19:50	I2	3732	Copenhague	HJK	19:20	En hora
19:50	IB	3732	Copenhague	HJK	19:20	En hora



10 - Human rights



- 2001 -

In collaboration with the NGO Mano a Mano, Iberia sent urgent aid to those affected by the disasters in El Salvador caused by Hurricane Mitch

Materiality

Main stakeholders for which human rights are material:

- » Shareholders or investors
- » NGOs and social organisations
- » Society in general

Main material aspects in order of importance:

- » Agreements and contracts containing human rights clauses and employee training in this area
- » Discrimination incidents and actions taken



10 - Human rights

Iberia is committed to defending and respecting human rights. The Code of Conduct of the Iberia Group explicitly states this commitment to respecting and protecting the human rights and public freedoms recognised in the Universal Declaration of Human Rights and major international agreements. This allows the company to guarantee that the principles set out in these agreements are present in all of its policies.

In 2016 Iberia did not receive any human rights claims (discrimination, freedom of association, child labour, forced labour, etc.) through any of the available channels.

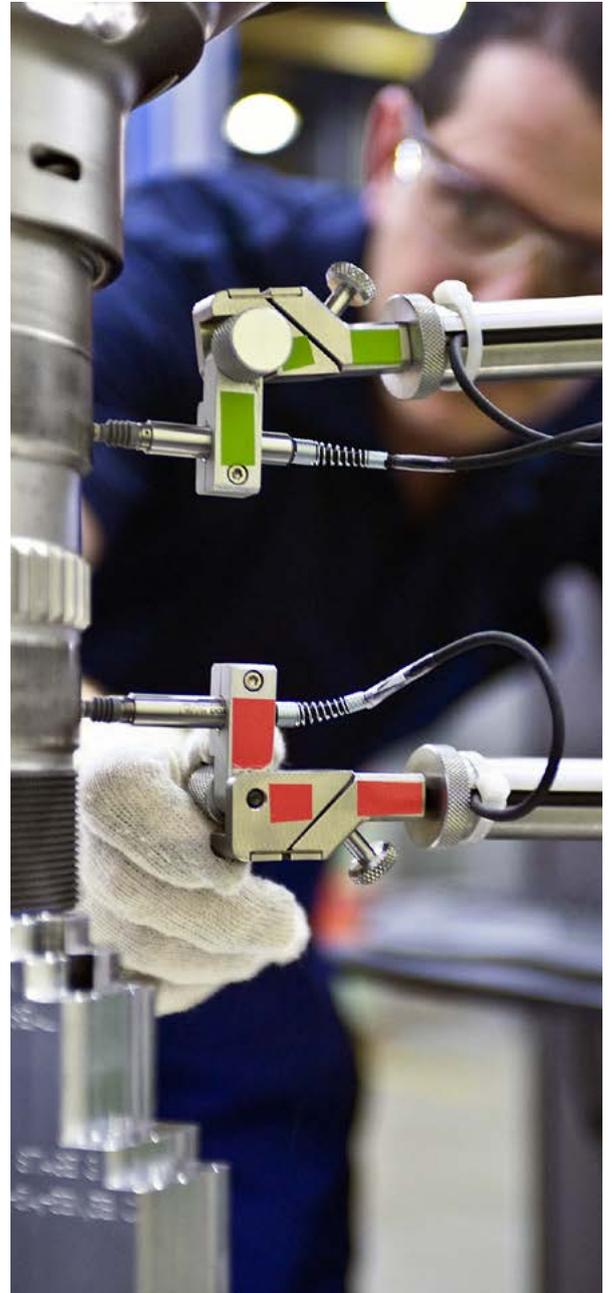
10.1 >>> The United Nations Global Compact

The United Nations Global Compact arose from the acknowledgement of economic players as drivers of market development and growth globally. The initiative, which companies, unions and organisations of civil society may freely join, seeks to convert Corporate Social Responsibility into the cross axis for tackling globalisation challenges. With this goal in mind, the signees must integrate the Ten Principles of the UN Global Compact into their strategies and operations.

Iberia is committed to the Ten Principles and the 17 Sustainable Development Goals of the United Nations

By joining the Global Compact Iberia 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.

Iberia is part, together with another 11 companies from the tourism sector, of the working group of the Spanish Global Compact Network "Responsible tourism, a commitment shared by all", which aims to share successful experiences in social and environmental sustainability and at the same



time disseminate social responsibility and work to achieve a sustainable, competitive tourism sector.

The tourism sector, which contributes to the economic growth and the development of many societies, is therefore a key sector for achieving the 17 SDG.



Area	Principle	Localization 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
Labour	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
Anti-corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	Section 11





10.2 >>> Human rights training

The social responsibility to respect human rights extends to all companies and Iberia is no exception. For this reason, the group's Code of Conduct establishes respect for human rights and public freedoms recognised in the Universal Declaration of Human Rights.

Consequently, directors, managers and employees must second this commitment within their duties, ensuring compliance of that obligation in the performance of all their professional activities.

In 2016, 1,812 Iberia employees and directors, selected according to their duties and responsibilities, took online courses on this code, lasting one hour.

The course includes the commitment to respect the text of the Universal Declaration of Human Rights and an explanation of the international standards that Iberia joined: the United Nations Global Compact; the International Labour Organisation Fundamental Conventions and the Millennium Development Goals.

10.3 >>> Responsible procurement

Management of procurement and outsourcing of services for IAG GBS, which is aligned with Iberia's goals, is regulated by internal procedures and guided by the following general principles:

- 1 >>> Optimisation of costs
- 2 >>> Internal customer satisfaction
- 3 >>> Compliance with the law
- 4 >>> Work ethically, respecting and protecting all cultures
- 5 >>> Transparency and confidentiality
- 6 >>> Innovation and development of creative solutions that provide value
- 7 >>> Caution and risk management

IAG GBS Procurement has created a responsible procurement monitoring team for the supply chain of the different group companies.

IAG GBS undertakes to supply goods and services obtained from suppliers who demonstrate ethical principles in the way they run their business and collaborates with them on quality, safety, environmental responsibility and human rights regulations.

It also builds relations with suppliers committed to improving the levels of the supply chain.

The tender process includes a survey that assesses aspects of Corporate Social Responsibility (CSR) and labour policies and regulation, reviewed by the outsourcing area. IAG GBS also maintains a close relationship with Sedex, a not for profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains. The outsourcing process therefore includes clauses related to:

- » Confidentiality
- » Industrial Property
- » Data protection

- » Labour commitment
- » Environmental commitment
- » UN Global Compact Regulatory compliance

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

The clauses on the United Nations Global Compact require all suppliers awarded the service to:

- » Support and respect the protection of internationally proclaimed human rights in their respective spheres of influence.
- » Make sure that they are not complicit in human rights abuses. Uphold the freedoms and rights of their employees in the labour area.
- » 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.

IAG GBS continued progressing in health and safety and the environment in 2016 by carrying out audits and working with suppliers to be leaders in safety through training and local programmes.

IAG GBS



11 - Society



- 1986 -

At Envera's special employment centres, work involving handling, managing documentation and laundry is carried out for Iberia



Materiality

Principal stakeholders for which aspects regarding society are material:

- » NGOs and social organisations
- » Shareholders and investors
- » Employees

Principal material aspects in order of importance:

- » Measures taken to fight corruption
- » Centres with development programmes for the local community





Iberia is committed to the Sustainable Development Goals (SDG) approved by the United Nations in 2015 and aims to develop social action that contributes directly or indirectly to achieving them, by contributing funds and resources to solidarity projects and conducting ongoing assessment of the social contributions to bring the company's social action into line with the established strategy.

This section is a compilation of the action taken in 2016. In that period, Iberia detected no significant negative impacts on the local communities.

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

11.1 >> Key social development actions

Iberia supports projects and associations that are in line with Corporate Social Responsibility principles. In 2016, it collaborated in different initiatives.

Mano a mano

This NGO was founded in 1994 by Iberia employees to make use of the free space in the cargo holds of Iberia flights to send humanitarian aid to countries hit by natural disasters or wars. It delivers the aid without middlemen, i.e. "hand to hand" ("Mano a Mano" in Spanish). Its commitment to helping the less fortunate who are at risk also leads this NGO to arrange flights to bring children and their families to Spain. Once in Spain, they are provided with specialist medical attention and accommodation.



In 2016, projects were developed in countries such as Argentina, Cuba, Ecuador, Colombia, Equatorial Guinea, Nicaragua, Peru, Venezuela and Haiti, as well as Spain, where Iberia's cooperation focused on charity canteens, schools and hospitals.

Iberia donates free plane tickets and cargo space to the NGO and provides the areas and supplies they need for their activities



Envera

The Envera Foundation, formerly known as APMIB, was set up in 1977 by Iberia employees with children with special needs. It focuses on the protection and social and professional integration of people with physical, mental or sensory disabilities. Its mission is to integrate these people into society and the workforce through comprehensive care and assistance throughout their lifetime.

This foundation assists 1,500 people with functional diversity and provides 330 care service places. Its special employment centres offer employment to 468 people with disabilities

Among the services it provides, the foundation offers tutelage, social assistance and educational support to people with disabilities who so choose or who have been orphaned or left homeless. At the same time, Envera contributes to their development and provides them with the opportunity to carry out work that is appropriate to their abilities.



In 2016, Iberia organised a charity concert with Plácido Domingo in favour of Envera at the National Auditorium and a charity auction of pictures owned by Iberia, the proceeds of which were donated in full to Envera.



Earthquake in Ecuador

Following the earthquake which occurred on the coast of Ecuador on 16 April 2016, Iberia began working in coordination with the Ecuadorian Embassy in Spain and in conjunction with the NGO Mano a Mano, Fundación Seur and Fundación Sepla-Ayuda, to convey humanitarian aid to those affected. The donations of materials were carried out mainly by Ecuadorian platforms and associations through the Ecuadorian consulates, as well as the International Police Association in Barcelona, El Corte Inglés, Cofares and different religious congregations.

More than 27 tonnes in humanitarian aid to Ecuador

In the over two months that the campaign lasted, over 110 pallets were sent with a weight of more than 27 tonnes. The cargo sent consisted of medical and rescue equipment, non-perishable foods, towels, medication, healthcare products, healing materials, orthopaedic materials, nappies and other hygiene products, in addition to material to service camps: home products, electric generators, fold-up beds, torches, etc.



For this process, Iberia made the holds of its aircraft for flights to Ecuador entirely available and Mano a Mano collaborated by handling all the procedures required to send the cargo. The Secretary for Risk Management of the Ecuadorian government was the body in charge of organising the distribution and delivery of the material.

Spanish National Transplant Organisation



Iberia is an active supporter of the work of the National Transplant Organisation (ONT), by providing help to make transporting organs to their destination quicker and easier. This helps to ensure the organ's survival and the viability of the transplant.



The company's efforts in this area were recognised by the ONT in 2014. The company continued its efforts in 2016 and collaborated with all those involved in air traffic to help organs for transplants to reach their destination

Make a Wish



The Make a Wish organisation devotes itself to granting the wishes of children suffering from serious illnesses, thus enriching their lives through unique, unforgettable experiences. In doing so, it enables young people to overcome negative emotions, such as fear, anguish and loneliness, transforming them into vitality, energy and an eagerness to fight

Iberia has been collaborating with the organisation's mission since 2001 as the official carrier and contributes to making the dreams of these children come true.



IBERIA 

Hoy, tu vuelo puede cambiar su destino

Cada vez que compres un billete en iberia.com, podrás hacer una donación que irá íntegramente a UNICEF.

Unicef



Iberia, in conjunction with Amadeus, renewed the collaboration agreement with Unicef’s Spanish Committee, which was signed in 2013. Its main aim is to raise funds to support the 100% Let’s Vaccinate Every Child initiative, which provides solutions to fight illnesses such as measles, polio and whooping cough.

As part of the agreement, the Amadeus platforms makes it possible for Iberia.com customers to donate from 3 to 20 euros through just one click when buying a plane ticket on the Iberia web page.

Since the start of the agreement between Amadeus, Iberia and Unicef Spanish Committee, over 710,000 euros have been raised, which will improve the situation of numerous boys and girls around the world



Fundación Integra



In 2016, Iberia joined the board of trustees of Fundación Integra to support women who are the victims of gender-based violence and foster the integration into employment of this vulnerable group.

On the International Day for the Elimination of Violence Against Women, held on 25 November, Iberia put in place a series of awareness-raising actions among the employees of the company and its customers



Save the Children



Save the Children.

Iberia has joined Save the Children in its project to create peaceful environments at schools in Guatemala. To help this foundation to raise funds for the initiative, Iberia launched a donation campaign among its customers, with the intention of raising awareness and making this project, which is literally saving the lives of children, known



As part of the initiative involving companies fighting for a society free from gender-based violence, Iberia will integrate into its workforce women who have been victims of gender-based violence, supported by the Fundación Integra

Juegaterapia

Iberia collaborates with the Fundación Juegaterapia (play therapy foundation) to support the fight against childhood cancer. As part of the celebration of the 70th anniversary of our flights to Latin America, in September 2016 toys designed by this foundation were given to the children fighting cancer at the Garrahan Hospital in Buenos Aires.

Since December 2016, this charitable product has been included in the products sold on board our intercontinental flights; the proceeds from the product go entirely towards the fight against childhood cancer





11 - Society

11.2 >>> Sustainable Development Goals

As part of its commitment to society, Iberia collaborates with different social action organisations to achieve the Sustainable Development Goals (SDG) approved by the UN in 2015

The targets and the projects Iberia is involved in are explained below.

1.

No Poverty



Target:

- >> End poverty in all its forms everywhere.

Projects:

- >> Conveyance of humanitarian aid for different Mano a Mano projects in charity canteens, mainly in Latin America, Africa and Spain.
- >> Holding of a Christmas charity market at the Iberia facilities to raise funds for Mano a Mano projects.
- >> Charitable collection of food and toys at the Iberia facilities for the Christmas campaign of Fundación Toda Ayuda.
- >> Collaboration with the Ecuadorian Embassy, Mano a Mano and Fundación Seur to convey humanitarian aid to the region affected by the earthquake which occurred in April 2016. Iberia donated tableware from its on-board service to this project.

2.

Zero hunger



Target:

- >> End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

Projects:

- >> Conveyance of humanitarian aid for different Mano a Mano projects in charity canteens, mainly in Latin America, Africa and Spain.

- >> Holding of a Christmas charity market at the Iberia facilities to raise funds for Mano a Mano projects.

- >> Charitable collection of food and toys at the Iberia facilities for the Christmas campaign of Fundación Toda Ayuda.

3.

Good health and well-being



Target:

- >> Ensure healthy lives and promote well-being for all at all ages.

Projects:

- >> Collaboration with Mano a Mano and Fundación Aladina, through the donation of plane tickets to transport ill children with limited resources to receive medical treatment in our country.
- >> Micro-donations programme organised by Iberia and Amadeus through which Iberia customers can make donations to Unicef for its child vaccination projects. From the start of the agreement to the end of 2016, more than 700,000 euros had been raised.
- >> Sponsorship of Fundación Mujeres por África.
- >> Collaboration with Make a Wish in its social action activities. Iberia provides the transport for the seriously ill children that the foundation takes to different locations to enable them to fulfil their dreams and have an unforgettable experience. Iberia, as the official carrier, thus contributes to enabling the children to manage to overcome negative emotions.
- >> Collaboration with the Fundación Lucha contra el Sida.

- >> Collaboration with Fundación Juegaterapia in its efforts to raise funds for research into childhood cancer.

- >> Collaboration with Mano a Mano in its projects for donations to hospitals and health centres, mainly in Latin America, Africa and Spain.

- >> Collaboration between Iberia and the Spanish National Transplant Organisation (Organización Nacional de Trasplantes)

4.

Quality education



Target:

- >> Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.

Projects:

- >> Collaboration with the educational projects from Mano a Mano, principally in countries in Latin America and Africa.
- >> Collaboration with the Envera group.
- >> Transporting of personal computers, in collaboration with Amadeus, for educational and social projects in Latin America and Africa.
- >> Collaboration agreement with Segib to facilitate the international mobility of students, teachers and researchers.
- >> Sponsorship agreement with the Fundación Mujeres por África.
- >> Sponsorship of the Carolina Foundation.
- >> Collaboration with Mano a Mano in organising a multi-cultural children's camp, Aquí Cabemos Todos (We all fit in), in Los Navalmorales, Toledo.

5.



Gender equality

Target:

- » Achieve gender equality and empower all women and girls.

Projects:

- » Signing of the Companies for a Society Free from Gender-Based Violence initiative, from the Spanish Ministry of Health and Social Affairs.
- » Collaboration with Mano a Mano to create a sewing and hairdressing workshop for 90 girls at the El Nooman orphanage.
- » Sponsorship of the Mujeres por África.
- » Collaboration with Fundación Integra to integrate into the employment world women who have been victims of gender-based violence and raising awareness regarding this group.

6.



Clean water and sanitation

Target:

- » Ensure availability and sustainable management of water and sanitation for all.

Projects:

- » Collaboration with the Ecuadorian Embassy, Mano a Mano and Fundación Seur for the conveyance of water treatment units for safe water for those affected by the earthquake in Ecuador in April 2016.

- » In the Iberia facilities in La Muñoz, each year more than 200,000 m³ of water is managed; after use in the various productive processes and in bathrooms, it becomes industrial and urban wastewater, respectively. Both types are treated at the wastewater facilities Iberia has on its premises (two industrial and one biological facility) to return the water to its place of origin once treated.

7.



Affordable and clean energy

Target:

- » Ensure access to affordable, reliable, sustainable and modern energy for all.

Projects:

- » Since 2013, Iberia has been renewing its fleet, incorporating aircraft that consume less fuel.
- » The Fuel Efficiency Support Group studies initiatives to operate aircraft efficiently.
- » Iberia is participating with AENA and the company AlgaEnergy in a project to produce biofuel based on micro-algae, which are grown at a technological experimentation plant built next to Madrid-Barajas airport.

8.



Decent work and economic growth

Target:

- » Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Projects:

- » Scholarship and internship programme in collaboration with universities and training schools.
- » Participation in the Generation job project from McKinsey.

9.



Industry, innovation and infrastructure

Target:

- » Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Projects:

- » Since 2013, Iberia has been renewing its fleet, incorporating aircraft that consume less fuel.
- » The Fuel Efficiency Support Group studies initiatives to operate aircraft efficiently.



» Iberia is participating with AENA and the company AlgaEnergy in a project to produce biofuel based on micro-algae, which are grown at a technological experimentation plant built next to Madrid-Barajas airport.

» In 2014, Iberia was a pioneer through its introduction of the Electronic Flight Bag, devices which replace documentation on paper for pilots. They help to reduce weight, save fuel, increase efficiency and reduce CO₂ emissions.

» Iberia aircraft are painted using an eco-friendly painting system, which allows water to be saved and reduces the weight of the aircraft, thus leading to less fuel consumption.

10.

Reduced inequalities

Target:

» Reduce inequality within and among countries.

Projects:

» Collaboration with Envera, which works towards integrating people with disabilities into society and into work throughout all the stages of their lives.

» Collaboration with Mano a Mano in its health, equality and education projects in Latin America, Africa and Spain.

» Collaboration with Fundación Integra to integrate women who have been victims of gender-based violence into work and raise awareness about this group.

11.

Sustainable cities and communities

Target:

» Make cities and human settlements inclusive, safe, resilient and sustainable.

Projects:

» Initiatives to reduce the noise levels in landings in operating the aircraft.

12.

Responsible production and consumption

Target:

» Ensure sustainable consumption and production patterns.

Projects:

» Since 2013, Iberia has been renewing its fleet, incorporating aircraft that consume less fuel.

» The Fuel Efficiency Support Group studies initiatives to operate aircraft efficiently.

» Iberia is participating with AENA and the company AlgaEnergy in a project to produce biofuel based on micro-algae, which are grown at a technological experimentation plant built next to Madrid-Barajas airport.

» Iberia is participating in the "life+zero cabin waste" project with the goal of reducing and salvaging the waste from the aircraft catering service.

13.

Climate action

Target:

» Take urgent action to combat climate change and its impacts.

Projects:

» Iberia is the first Spanish airline and the third European airline to collaborate in the Iagos project, which is part of the European Union's Strategy on Research Infrastructures. It consists of equipping aircraft that fly long-haul routes with scientific instruments to assess the quality of the atmosphere at certain altitudes around the world.

» As part of the strategy to combat climate change, Iberia offers information to customers and employees about the carbon footprint of their trips, through the CO₂ calculator available at Iberia.com and the corporate website.

14.

Life below water

Target:

» Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Projects:

» Transporting animals in danger of extinction or which after recovering -travel in our aircraft to be returned to their ecosystems.



15.



Life on land

Target:

>> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Projects:

>> Transporting animals in danger of extinction or which after recovering travel in our aircraft to be returned to their ecosystems.

16.



Peace, justice and strong institutions

Target:

>> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Projects:

>> Crime prevention programme. Anti-corruption standard. Regulatory compliance committees.
 >> Cyber-security project.

17.



Partnerships for the goals

Target:

>> Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Projects:

>> Collaboration with the Fundación Seres.
 >> Collaboration agreements with different entities that promote child health, children's rights, the struggle for the integration into society and into work of groups at risk of exclusion and the fight against poverty
 >> Commitment to the principles of the Global Compact and participation in the "Sustainable Tourism, a commitment shared by all" working group.





11.3 >> Anti-Corruption Policy

Iberia's anti-corruption and anti-bribery measures are included within its Crime Prevention Programme.

The programme is a set of measures intended to prevent, detect and react to possible offences covered by the Spanish Penal Code. In addition, it is a commitment to permanent surveillance and penalising of unethical conduct and to maintaining effective mechanisms for communication and awareness on the part 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 best practices and applicable international laws, around the following four pillars::

- >> Existence of clear policies and adequate risk management
- >> 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. It thus supplements the other related regulations, including the regulations on conduct with civil servants or the corporate hospitality policy.

This standard regulates conduct both in general and in specific situations, such as possible conflicts of interest, the prohibition regarding political activities and appropriate management of donations.

The highest risk indicators, of the countries where Iberia operates, in Africa and Latin America, thus leading to an increase in preventive controls and activities aimed at reducing the risk in those regions.

The anti-corruption programme and its goals are assessed and planned for all of IAG in the Compliance Committees

The anti-corruption programme and its goals are assessed and planned for all of IAG in the Compliance Committees, in which Iberia and the other Group companies participate, so that it covers the activity throughout the network. The Compliance Committees supervise the anti-corruption programme.

The Compliance Regulations lay down the obligation for all employees to be familiar with internal regulations and external laws and to ensure compliance. To this end, and to facilitate access to the information, all the regulations are published and made available to all employees following approval by Iberia's bodies.

Iberia publishes the Compliance Regulations so that they are known and observed by everyone

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.

In 2016, 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 Compliance Regulations, Iberia regularly carries out due diligence processes (finding and analysing information) on third parties linked to it. In particular, the processes check the suitability of tenderers for contracts and commercial brokers, according to the different criteria established.

Those processes assess the transparency, lawfulness and efforts of third parties in fighting corruption and contracting with those third parties is accepted or barred depending on the results.

In 2016, Iberia carried out due diligence processes on 204 third parties.

11.4 >> Public policies

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 that is 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 current legislation regarding incompatibilities of senior officers are scrupulously respected in the hiring of employees and executives.





11.5 >>> Rules on competition

The programme for compliance with competition rules and regulations is based on a specific risk matrix at IAG level and is implemented through the senior management's commitment to the approved compliance strategy.

This is also reflected in the compliance commitment within the company's Code of Conduct, the internal guidance for employees through the Competition Compliance Manual and specific guidelines, training initiatives, the internal whistleblowing channel and process monitoring.

No formal proceedings were instituted against Iberia in 2016 with regard to competition issues.

11.6 >>> Passenger rights

European Aviation Customer Commitment, a code of conduct signed on 2 July 2002 together with the other airlines in the Association of European Airlines (AEA). The code lays down obligations such as respecting the agreed price, providing any information requested on the

operating carrier, reporting any incidents and assisting passengers, expediting the payment of refunds and attending reduced-mobility passengers and minors.

Another important point regarding passenger rights is dealing with customer complaints. Iberia complies with the European regulations on compensation and assistance to passengers in the event of boarding being denied, cancellation or long delay of flights (Regulation (EC) No 261/2004 of the European Parliament and of the Council of 11 February 2004).

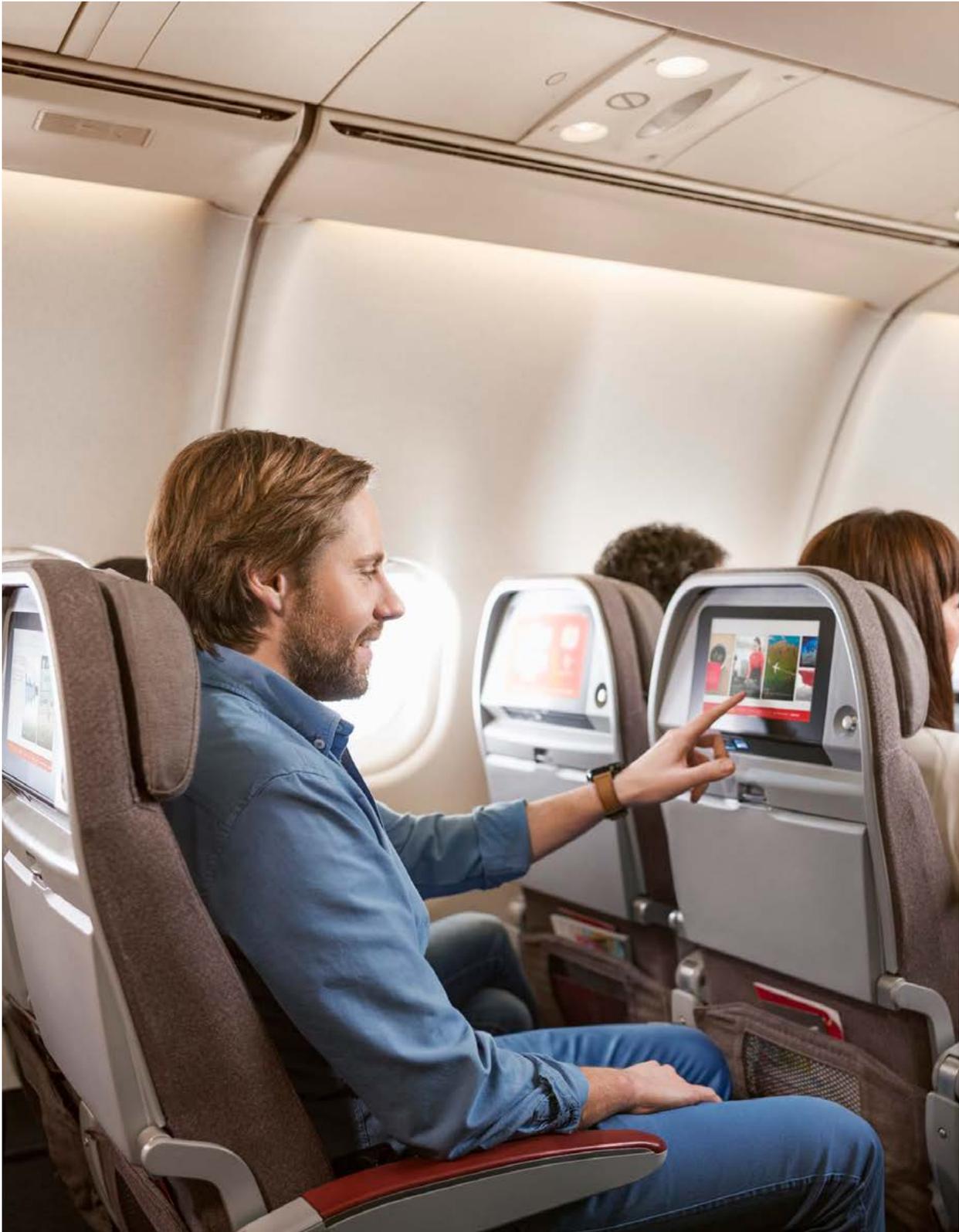
11.7 >>> Price transparency

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 advertised price is the final purchase price of the ticket.

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

Iberia complies with European regulations on passenger compensation and assistance







12 - Product responsibility



- 1957 -

The luggage collection and retrieval services at Madrid-Barajas airport



Materiality

Principal stakeholders for whom products 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
- » Corroborated complaints regarding privacy of customers and their data



12 - Product responsibility



12.1 >> Commitment to continuous improvement

Iberia is involved in a permanent improvement and innovation process in the services it provides to its customers, both in flight and on the ground. The pursuit of excellence is a crucial objective of the company, which translates into a constantly increasing alignment between supply and demand, which is essential to maintain the leadership positions it enjoys today. Here are some of the developments in 2016.

Menu in advance

As from July 2016, Iberia customers have been able to choose the food they would like to enjoy on board through www.iberia.com. This new service is available for long-haul flights exiting Spain.

Tourist class passengers have seven menu options, with a price ranging from 14 to 26 euros.

Business customers can choose a hot meal to ensure their choice is available on board





Premium team for VIP lounges

Creation of the customer care team for premium customers, reporting to the Customer Department and specialising in the services we provide to high-value passengers at the Madrid hub.

The premium team works in the VIP lounges in Madrid and in the Consular Lounge. The agents were selected due to their extensive training in the various areas of the company relating to customer experience at the airport.



The results of this initiative are very positive, as is reflected in the increase in the customer perception rating of the VIP lounge in Madrid, which one month after introduction had increased by 4.42%



Special baggage

The new policy to accept special baggage (animals, sports equipment, etc.) has been designed in line with the Iberia Express policy to prevent discrepancies on the flights involving the two companies.

Connectivity in the children's lounge

Iberia offers Wi-Fi in the lounge for unaccompanied children at Madrid airport. It is increasingly the case that these children have with them devices that can access the Internet for their personal entertainment or to communicate with their families, so the Wi-Fi system makes the wait during transit until their connecting flight more comfortable.

Ground-handling service due to the new destinations launched

Due to the scheduling of new Iberia destinations to Tokyo and Shanghai, a series of measures was adopted to offer a service geared to their culture.

»» Native staff have been hired that will be present to assist during check-in and boarding, and to help with any incidents that may arise during these flights.

»» The pre-recorded boarding announcements have been translated to include Mandarin Chinese and Japanese.

»» Translations have been made of the documents and forms passengers may require (dangerous goods, unaccompanied children, baggage identification labels, passenger rights, animal transportation forms, etc.).

Voluntary surrendering of seats

Overbooking is one of the incidents with the greatest negative impact on our customers. However, there is always someone who, having confirmed their place on the flight, is willing to travel on the next available flight in exchange for reasonable monetary compensation.

Aware of this, at the airport in Madrid we have promoted a search for these profiles which are less sensitive to this issue, and are improving the processes to provide a solution at the time the decision is made, by increasing compensation to 500 euros in cash or a voucher for 750 euros to be used in one year on purchasing Iberia flights.



12 - Product responsibility



» Several seminars have been given on Chinese and Japanese culture, in which agents are given guidance on the particular way to address customers from these countries, whose culture is so different to the Western culture. As well as dealing with how to address them, the cultural origins and historical circumstances that have led to these differences are explained, so that they understand and absorb much better the aspects where care must be taken in dealing with passengers.

For the inaugural flights, special innovations were prepared for the various stages of the customer experience, particularly in the VIP lounges: regional food, fortune cookies, promotional murals, Japanese flower arrangements (ikebana), attendants wearing Japanese kimonos, personalised inscribing of the customer's name in kanji calligraphy, a sushi cooking demonstration, etc.

Several seminars have been given on Chinese and Japanese culture, in which guidance is given on how to address customers from these countries

Desks for families and children

The company has rolled out a new layout for check-in desks to provide special care for families with children at appropriately marked desks. The security screening procedure can also be completed via an access point that is separate from other customers.

A specific area has been designed for unaccompanied children with personalised check-in services, due to the type of documentation they require and enable systematised monitoring of the service up until boarding.





María José Reyes
Resp. Tráfico Madrid-Barajas



New VIP lounges

Iberia has built a new VIP lounge in the boarding area of Orly airport (Paris). This is a modern and comfortable space, with views of the runway, close to the boarding gates and where the company's corporate image is more present.

**A modern and comfortable space,
with views on to the runway, close to
the boarding gates**

In addition, VIP lounge agreements were negotiated at the new destinations and those currently operating were renegotiated. The policy followed is to take advantage of the synergies that belonging to IAG permits and use the lounges managed by the companies of the group, with the resulting cost savings and improved corporate image, while keeping earnings inside the group.

Iberia supports balance

For Mother's Day, from 1 May 2016 our Iberia Plus customers can keep their card level for an additional year, even though they fly less frequently during their maternity leave, whether due to childbirth, adoption or fostering.

Normally, when people expand their families, frequency of flying drops considerably. Iberia is aware of this and has therefore decided to extend the status of its customers on the Iberia Plus programme.

The card holder has only to inform the company and provide the documentation demonstrating the situation through baby@iberia.es.





12 - Product responsibility



12.2 >> Operating safety

Iberia's Operating Safety Policy is its first and foremost commitment to its customers, the aviation authorities and its employees. This commitment to safety is included in Iberia's Operation Manual and distributed among all employees and suppliers.

One of the key points of this policy is the Safety Management System (SMS), a set of processes implemented within the organisation to obtain and analyse information and make coordinated operating decisions, in order for any safety risks, as there always are risks, that may arise in respect of operations to be mitigated and controlled. In this manner, the company focuses on continuously improving the safety management of all Iberia's operations.

The operating safety policy is our main commitment

The key tasks in the SMS are::

- >> Identification of hazards that may arise in our operations.
- >> Reports from employees based on relevant observations regarding safety, such as risks, mistakes and incidents.
- >> Risk management, in order to undertake mitigating measures based on the level of danger.



» Periodical monitoring of ratios that are important (impacts in handling, errors in maintenance, ground proximity system alerts), to guarantee permanent improvement of safety levels.

» Monitoring of fulfilment of the measures adopted.

Iberia's Operating Safety Policy is its first and foremost commitment to its customers, the aviation authorities and its employees

Once hazards have been identified, an assessment of the risks is performed and work is carried out transversally within the organisation to prevent, eliminate or mitigate them.

In 2016, a course on the Safety Management System was given to all cabin crew members, as well as to 1,105 ground employees from all departments of the company.

SMS management published 54 documents aimed at different departments at Iberia and collaborated with other areas to explain the safety information.

12.3 » Quality of service

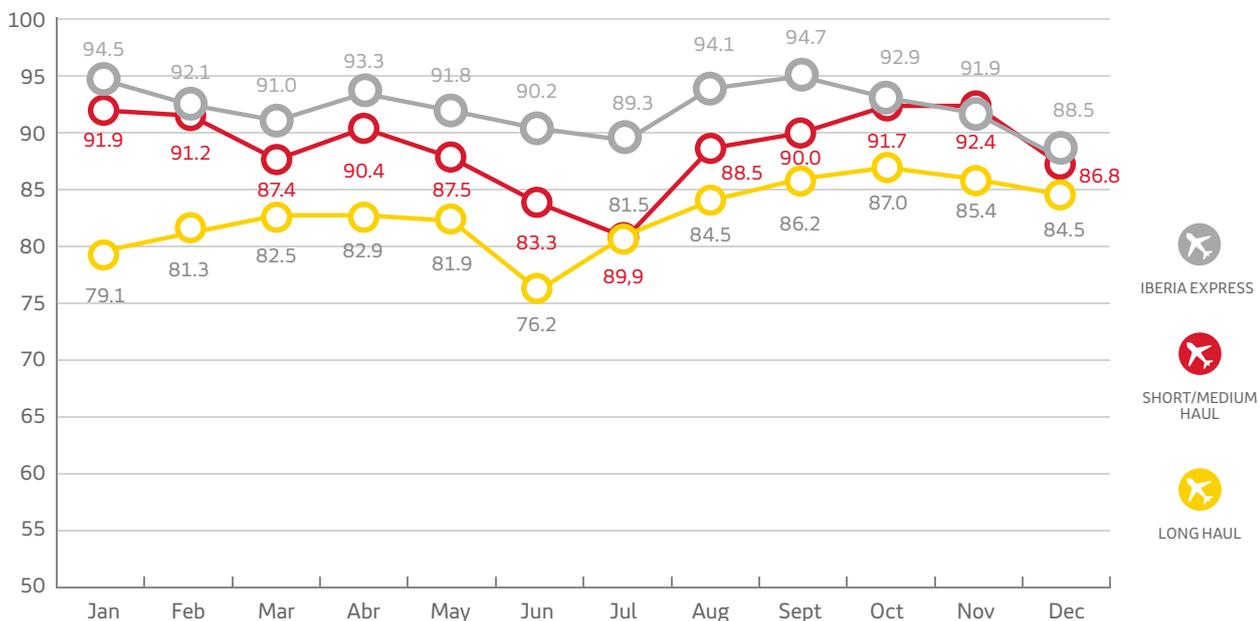
Punctuality

Iberia and Iberia Express continue to achieve success in punctuality, one of the indicators most valued by customers. In 2016, both airlines were the most punctual in the world in their respective categories, according to Flightstats, the leading consultancy firm in information on flights, services and applications for the travel industry.

Iberia was not only recognised in 2016 as the most punctual international airline in the world (Major Global Airline), but also as the most punctual in Europe (European Major Airline) and the most punctual network in Europe, when assessing its data together with those of its franchised airline Iberia Regional Air Nostrum (European Major Airline Network).

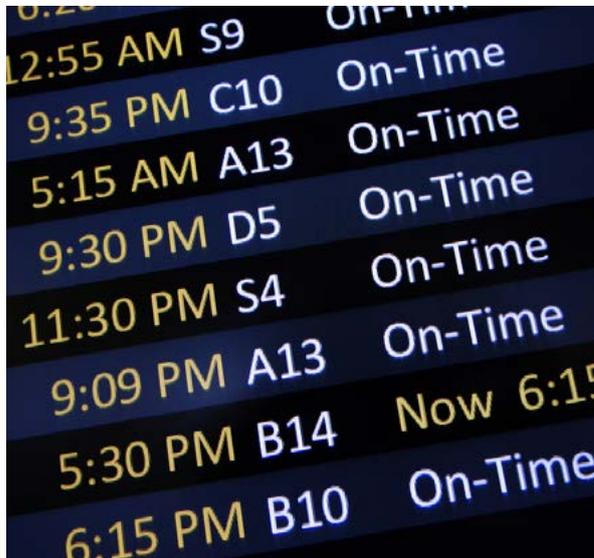
In the last four years, Iberia has been moving up the punctuality ranking until it reached the top position. It was the fourth most punctual in 2013, the third in 2014, the second in 2015 and the first in 2016.

Iberia Express was considered the most punctual low-cost airline in the world for the third year in succession, which is an important international recognition of the effort, commitment and dedication of an airline which in just five years has attained significant achievements.





12 - Product responsibility



Oneworld, to which Iberia and Iberia Express belong, has also been considered the most punctual airline alliance for the fourth year in succession.

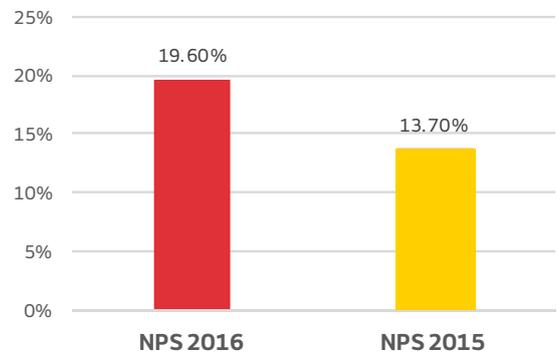
In 2016, the Iberia group operated 194,734 flights, with a punctuality score of 88.6%. As regards Iberia Operator, of the total number of its short- and medium-haul flights, departure punctuality was 88.4%, versus 82.7% for long-haul flights.

Commitment to satisfaction

The main indicator used by Iberia to measure customer perception is the NPS (Net Promoter Score), a recommendation index drawn up on the basis of the answer to a single



question in the survey on journey experience: How likely would you be to recommend Iberia to a relative, friend or acquaintance? (where 0: you would certainly not recommend it, and 10: you would recommend it for sure). If we call customers who answered with a score of 9 or 10 "promoters" and those who gave a score between 0 and 6 "critics", the NPS is calculated as the difference between the proportion of promoters over that of critics.



Furthermore, during the year numerous measures were introduced to improve the experience of our customers.

In 2016, the year ended with a closing NPS score of 19.6 points, which shows a significant improvement of 5.9 points over the score in 2015.

As well as punctuality, in the NPS for 2016 a determining factor was the modernising of the long-haul fleet, which continued throughout the year with the introduction of the new 330-200 aircraft. The impact of this change was estimated to be a 3.5 point growth in NPS.

This is shown in the fact that satisfaction increased in practically all services. Also noteworthy is the increase in satisfaction with our cabins, the technical crews and handling of claims, as well as improvement in recommendation associated with our range of routes and schedules, in the year that we launched our new routes to Shanghai and Tokyo.

12.4 >> Claims handling

Iberia is committed to establishing quality relationships with its customers and giving them excellent service. An important part of this commitment is suitable handling of customer incidents and claims, where handling them well is a key asset.

To this end, they are handled proactively, in order to meet the demands of the customers in as short a time as possible. In 2016 response times were shortened by 11 percentage points and the year ended with 96% of claims being answered in under 21 days.

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



Iberia Mantenimiento gives priority to the customer and to establishing an excellent service that covers their specific needs

12.5 >> Quality of service

Maintenance

The maintenance, repair and overhaul (MRO) business is performed in a highly regulated environment which requires specific certificates linked to permanent audits. The main quality indicator is the constant renewal of the different certificates issued by the most important international aviation authorities: the European Aviation Safety Authority (EASA), US Federal Aviation Administration (FAA) and NATO, as well as by manufacturers, civil authorities, aviation companies and official bodies. The full list of these certificates can be seen on the website www.iberiamaintenance.com

Surveys are carried out annually to find out the degree of satisfaction felt by customers with regard to the services offered. The use of a new digital platform to send questionnaires has increased the response rate notably, with it rising to 26.15%.

At Iberia Maintenance, the final assessment of the service, the quality and delivery times (the most representative attributes for the customer when selecting their maintenance services supplier) was 8.5 out of 10.

Airports

A total of 139 audits were undertaken at the airports business in 2016, from 41 customer companies to check compliance with both the applicable laws and the manuals and procedures of each operating company. The number of audits by companies rose by 56% versus the previous year.

All deviations detected were remedied satisfactorily within the deadlines established after implementing the corresponding corrective actions.



12 - Product responsibility



The aspects audited include 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. Special mention should be made of the prestigious Isago certificate awarded by IATA: in 2016 those of the Madrid, Málaga, Palma de Mallorca and Bilbao airports were renewed and the certificate was obtained by the Tenerife Sur and Ibiza airports.

Iberia is committed to its customers' right of privacy and its policies comply with the Spanish data protection law

12.6 >>> Customer privacy

Iberia ensures the compliance of its obligations in respect of the privacy of its customers' data. The highest quality standards are followed and information security and security policies are applied that comply with applicable legislation, i.e. the Spanish Organic Law on Personal Data Protection (LOPD).

Demonstrating its commitment are the policies laid down governing access to the various systems to ensure that access is individual and non-transferable. Specifically, they have been designed so that access is only possible in accordance with the profile and duties of each user.

These access formats comply with security standards, as does encrypted storage, which ensures the appropriate use thereof. There is also regular testing and back-up copies are made to prevent information from becoming lost in the event of an incident.

The Data Protection Regulations have also been approved internally, with the aim of guaranteeing awareness of existing obligations to protect data and applicable security measures.

No incidents attributable to Iberia occurred in 2016.

12.7 >> Communication channels

Iberia is committed to the involvement and participation of its stakeholders, and has several procedures for gathering information to allow it to find out the expectations, opinions and needs of those stakeholders. Between these channels, over the last few years its social-network-based communication strategies have been consolidated.

Iberia's choice in this sphere has led it to become recognised as one of the best-rated companies in agencies, including TREI, Social Bakers and On Magazine networks, as substantiated by the leading online the Spanish digital environment and one of the most active in social reputation

Iberia is present in the social networks that are most popular among users and is one of the airlines with the most followers

The strategy followed on social networks has centred on achieving closer relationships with customers, giving and obtaining useful and interesting information, solving queries and offering specific marketing campaigns that help them to identify with the brand.

In 2016, the company, coinciding with the commencement of its new destinations in Asia, opened two new channels in Chinese (Weibo and Wechat) and added Japanese in its Facebook and Twitter profiles.

Iberia's presence on main social networks:

Social networks	No. of followers
Facebook	1, 588,618
Twitter	591,354
Google +	7,398
Instagram	101,736
Pinterest	1,272
Linkedin	60,759
YouTube	14,893
Weibo	426
Wechat	177
Youku	3
TOTAL	2,666,636

12.8 >> Advertising ethics

Iberia is committed to respecting its stakeholders' rights and champions responsible advertising based on the ethical principles of the Association for Self-regulation of Commercial Communication (Autocontrol).

This association is dedicated to monitoring the advertising industry, ensuring that there are guarantees of confidence and credibility in the commercial community.

Iberia contributes to strengthening advertising self-regulation





Annex - GRI G4 Content Index



- 1927 -

The Rohrbach-Roland aircraft was the first to be acquired by the company to inaugurate its flights



The Global Reporting Initiative (GRI) is an independent institution that created the first global standard for criteria for preparing sustainability reports for companies that wish to assess their economic, environmental and social performance. It is an official collaborating centre of UNEP, the United Nations Environment Programme.

Created in 1997, until 2002 the GRI was a joint project between the UNEP and CERES (Coalition for Environmentally Responsible Economies). It was conceived with the aim of improving the quality of the sustainability reports prepared, to put them on an equal footing with financial reporting in terms of comparability, rigour, credibility, regularity and verifiability. At the current time, it is an independent institution with its own Board of Directors and is based in Amsterdam.

The GRI boasts active participation from representatives from human rights, labour rights, research and environmental organisations, and from corporations, investors and accounting organisations



13.1 >> General standard disclosures

General standard disclosures	Location in the report or explanation by page/section/direct reply	Omissions	
STRATEGY AND ANALYSIS			
G4-1	Statement from the chairman.	Section 1.1 of the CR Report	No
G4-2	Provide a description of key impacts, risks and opportunities	Section 1.1, 1.2 and 6.2 of the CR Report, Page 47 of the 2016 Annual Report and Financial Statements of IAG	No
ORGANISATIONAL PROFILE			
G4-3	Report the name of the organisation.	IBERIA, L.A.E., S.A. OPERADORA, SOCIEDAD UNIPERSONAL	No
G4-4	Report the primary brands, products and services	IBERIA LINEAS AEREAS IBERIA AIRPORT SERVICES IBERIA MANTENIMIENTO	No
G4-5	Report the location of the organisation's headquarters.	C/ Martínez Villergas, 49 28027, MADRID (ESPAÑA)	No
G4-6	Report the number of countries where the organisation operates and names of countries where the organisation has significant operations	43 countries: Spain and Latin America (Argentina, Brazil, Lima, Chile,..) and the US.	No
G4-7	Report the nature of ownership and legal form.	SOCIEDAD ANÓNIMA UNIPERSONAL. It belongs to the shareholders of International Airlines Group (IAG)	No
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. Maintenance and Airport Services Businesses: Spain, Europe, America and Africa. From Spain, it assists airlines around the world.	No
	a. Report the scale of the organisation, including:		
	• total number of employees;	Section 9.1 CR Report	No
	• total number of operations;	Section 2.2, 2.3, 2.4 and 7.1 CR Report;	No
G4-9	• net sales (for private sector organisations) or net revenues (for public sector organisations);	Section 7.1 CR Report	No
	• total capitalisation broken down in terms of debt and equity (for private sector organisations); and	Section 7.1 CR Report	No
	• quantity of products or services provided.	Section 2.2, 2.3, 2.4 and 2.5 CR Report	No

General standard disclosures
Location in the report or explanation by page/section/direct reply
Omissions

ORGANISATIONAL PROFILE			
	a. Total number of employees by employment contract and gender	Section 9.1 and 9.5 CR Report	No
	b. Total number of permanent employees by employment type and gender.	Section 9.1 and 9.5 CR Report	No
	c. Report the total workforce by employees, supervised workers and by gender.	Section 9.1 and 9.5 CR Report	No
G4-10	d. Report the total workforce by region and gender.	Section 9.1 and 9.5 CR Report	No
	e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised 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
	f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Section 9.1 CR Report	No
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Section 9.2 CR Report	No
G4-12	Describe the organisation's supply chain	Section 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 and 2.8 CR Report	No
G4-13	Report any significant changes during the reporting period regarding the organisation.	Section 1.2 CR Report	No
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Section 6.2 CR Report	No
G4-15	List externally developed principles or initiatives to which the organisation subscribes or which it endorses.	Section 10.1, 11.1 and 11.2 CR Report	No
G4-16	List memberships of associations and organisations.	Section 2.10 CR Report	No
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List all entities included in the organisation's financial statements.	Section 5 CR Report	No
G4-18	Explain the process for defining the report content and the aspect boundaries.	Section 4 and 5 CR Report	No
G4-19	List all the material aspects identified in the process for defining report content.	Section 4 CR Report	No
G4-20	For each material aspect, report the aspect boundary within the organisation.	Section 4 CR Report	No

**General standard disclosures****Location in the report or explanation by page/section/direct reply****Omissions****IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES**

G4-21	For each material aspect, report the aspect boundary outside the organisation.	Section 4 and 5 CR Report	No
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	In preparing this Report, the materiality analysis completed in 2014 was taken into account	No
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries.	In preparing this Report, the materiality analysis completed in 2014 was taken into account	No

STAKEHOLDER ENGAGEMENT

G4-24	Provide a list of stakeholder groups	Section 3 CR Report	No
G4-25	Report the basis for identification and selection of Stakeholders with whom to engage.	Section 3 CR Report	No
G4-26	Report the organisation'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
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation 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

REPORT PROFILE

G4-28	Reporting period for information provided	2016	No
G4-29	Date of most recent previous report.	2015	No
G4-30	Reporting cycle.	Annual	No
G4-31	Provide the contact point at the organisation.	responsabilidadcorporativa@iberia.es	No
G4-32	Report the 'in accordance' option chosen.	Comprehensive	No



General standard disclosures	Location in the report or explanation by page/section/direct reply	Omissions
REPORT PROFILE		
G4-33	Report the organisation's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Report the relationship between the organisation and the assurance providers. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.	Section 5 CR Report
GOVERNANCE		
G4-34	Report the governance structure of the organisation.	Section 6.1 CR Report
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
G4-36	Report whether the organisation 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
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
G4-38	Report the composition of the highest governance body and its committees.	Section 6.1 CR Report 
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 organisation's management and the reasons for this arrangement.	Section 6.1 CR Report

**General standard disclosures****Location in the report or explanation by page/section/direct reply****Omissions**

GOVERNANCE			
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
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.	Section 6.1 CR Report	No
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Section 6.1 CR Report	No
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
G4-44	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.	Section 6.2 CR Report	No
G4-45	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.	Section 6.2 CR Report	No
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	Section 6.1, 6.2, and 6.3 CR Report	No
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.	Section 6.1, 6.2, and 6.3 CR Report	No
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered.	Section 6 CR Report (Board of Directors of Iberia)	No

General standard disclosures		Location in the report or explanation by page/section/direct reply	Omissions
GOVERNANCE			
G4-49	Report the process for communicating critical concerns to the highest governance body.	Section 6.1, 6.2, 6.3, 6.4 and 6.5 CR Report	No
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body.	Section 6.1, 6.2 and 6.5 Page 47 of the 2016 Annual Report and Financial Statements of IAG →	No
G4-51	Report the remuneration policies for the highest governance body and senior executives.	Page 1 of the Report on Directors' Remuneration 2016 →	No
G4-52	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 organisation.	Page 3 of the Report on Directors' Remuneration 2016 →	No
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Page 24 of the Report on Directors' Remuneration 2016 →	No
G4-54	Report the ratio of the annual total compensation for the organisation'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.	Page 28 of the Report on Directors' Remuneration 2016 →	No
G4-55	Report the ratio of percentage increase in annual total compensation for the organisation'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.	Page 28 of the Report on Directors' Remuneration 2016 →	No
ETHICS AND INTEGRITY			
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Section 6.4 CR Report	No
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.	Section 6.5 CR Report	No
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity.	Section 6.5 CR Report	No



13.2 >> Specific standard disclosures

Disclosures on Management Approach and Indicators**Location in the report or explanation by page/section/direct reply****Omissions**

ECONOMIC			
Material Aspect: Economic performance			
G4-DMA		Page 59 of the CR Report	No
	a. 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 as listed below:	The investment data, following the GRI G4 indicators criteria, represent investments outside the commercial activity	No
	• direct economic value generated: - revenues	Section 7.1 CR Report	No
G4-EC1	• economic value distributed: - operating costs; - employee wages and benefits; - payments to providers of capital; - payments to government (by country); and	Section 7.1 CR Report	No
	• economic value retained (calculated as 'Direct economic value generated' less 'Economic value distributed');	Section 7.1 CR Report	No
	b. To better assess local economic impacts, report EVG&D separately at country, regional, or market levels, where significant. Report the criteria used for defining significance.	Section 7.1 CR Report	No
	a. Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure, including:		
	• a description of the impact associated with the risk or opportunity;	Section 8.3 CR Report	No
G4-EC2	• the financial implications of the risk or opportunity before action is taken;	Section 8.3 CR Report	No
	• the methods used to manage the risk or opportunity; and	Section 8.3 CR Report	No
	• the cost of actions taken to manage the risk or opportunity.	Section 8.3 CR Report	No

Disclosures on Management Approach and Indicators

Location in the report or explanation by page/section/direct reply

Omissions

ECONOMIC			
Material Aspect: Economic performance			
G4-DMA	<p>Where the plan's liabilities are met by the organisation's general resources, report the estimated value of those liabilities. Where a separate fund exists to pay the plan's pension liabilities, report:</p> <ul style="list-style-type: none"> • The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them • The basis on which that estimate has been arrived at 	Page 59 of the CR Report	No
G4-EC3	<p>• When that estimate was made.</p> <p>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 time scale, if any, by which the employer hopes to achieve full coverage. Report the percentage of salary contributed by employee or employer. 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
G4-EC4	<p>Report the total monetary value of financial assistance received by the organisation from governments during the reporting period, including, as a minimum:</p> <ul style="list-style-type: none"> • Tax relief and tax credits • Subsidies • Investment grants, research and development grants, and other relevant types of grants • Awards • Royalty holidays • Financial assistance from Export Credit Agencies (ECAs) • Financial incentives • Other financial benefits received or receivable from any government for any operation. <p>Report the information above by country. 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



Disclosures on Management Approach and Indicators

Location in the report or explanation by page/section/direct reply

Omissions

ECONOMIC			
Material Aspect: Procurement practices			
G4-DMA		Page 59 of the CR Report	No
G4-EC9	Report the percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation.	100% of the purchases made in countries with significant operations (Europe, America, Asia and Africa) goes to local suppliers.	No
ENVIRONMENTAL			
Material Aspect: Materials			
G4-DMA		Page 65 of the CR Report	
G4-EN1	Report the total weight or volume of materials that are used to produce and package the organisation's primary products and services during the reporting period.		Not applicable since Iberia's main activity is the marketing of seats / flight hours
G4-EN2	Report the percentage of recycled input materials used to manufacture the organisation's primary products and services.		Not applicable since Iberia's main activity is the marketing of seats / flight hours
Material Aspect: Energy			
G4-DMA		Page 65 of the CR Report	No
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
	b. Report total fuel consumption from renewable fuel sources in joules or multiples, including fuel types used.	Section 8.1 CR Report	No
	c. Report in joules, watt-hours or multiples, the total	Section 8.1 CR Report	No
	• Electricity consumption;	Section 8.1 CR Report	No
	• Heating consumption;	Section 8.1 CR Report	No
	• Cooling consumption; and	Section 8.1 CR Report	No
	• Steam consumption.	Section 8.1 CR Report	No
	d. Report in joules, watt-hours or multiples, the total:	Section 8.1 CR Report	No
	• Electricity sold;	Section 8.1 CR Report	No
	• Heating sold;	Section 8.1 CR Report	No
• Cooling sold;	Section 8.1 CR Report	No	
• Steam sold.	Section 8.1 CR Report	No	

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ENVIRONMENTAL			
Material Aspect: Energy			
G4-DMA		Page 65 of the CR Report	No
	e. Report energy consumed outside of the organisation, in joules or multiples.	Section 8.1 CR Report	No
G4-EN3	f. Report standards, methodologies and assumptions used.	Section 8.1 CR Report	No
	g. Report the source of the conversion factors used.	Section 8.1 CR Report	No
G4-EN4	Report energy consumed outside of the organisation, in joules or multiples.	Section 8.1 CR Report	No
	Report the energy intensity ratio.	Section 8.1 CR Report	No
	Report the organisation-specific metric (the ratio denominator) chosen to calculate the ratio.	Section 8.1 CR Report	No
G4-EN5	Report the types of energy included in the intensity ratio: fuel, electricity, heating, cooling, steam, or all.	Section 8.1 CR Report	No
	Report whether the ratio uses energy consumed within the organisation, outside of it or both.	Section 8.1 CR Report	No
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
	Report the types of energy included in the reductions: fuel, electricity, heating, cooling, and steam vapour.	Section 8.1 CR Report	No
G4-EN7	Report the reductions in the energy requirements of sold products and services achieved during the reporting period, in joules or multiples.	Section 8.3 CR Report	No
Material Aspect: Water			
G4-DMA		Page 65 of the CR Report	No
G4-EN8	Report the total volume of water withdrawn	Section 8.1 CR Report	No
G4-EN9	Report the total number of water sources significantly affected by withdrawal by type	Section 8.1 CR Report	Not applicable: no withdrawal of water sources was performed

Disclosures on Management Approach and Indicators

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Omissions

ENVIRONMENTAL			
Material Aspect: Water			
G4-DMA		Page 65 of the CR Report	No
G4-EN10	Report the total volume of water recycled and reused by the organisation.	Section 8.1 CR Report	Not applicable: water has not been recycled or reused
	Report the total volume of water recycled and reused as a percentage of the total water withdrawal reported under Indicator G4-EN8.	Section 8.1 CR Report	
Material Aspect: Biodiversity			
G4-DMA		Page 65 of the CR Report	No
G4-EN11	a. 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:		Not applicable: Iberia's activities are not carried out in areas of high value for biodiversity
	• Geographic location	Section 8.2 CR Report	Not applicable
	• Subsurface and underground land that may be owned, leased, or managed by the organisation	Section 8.2 CR Report	Not applicable
	• 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	Section 8.2 CR Report	Not applicable
	• Type of operation (office, manufacturing or production, or extractive)	Section 8.2 CR Report	Not applicable
	• Size of operational site in km ² ; and	Section 8.2 CR Report	Not applicable
	• Biodiversity value characterised by: - the attribute of the protected area or high biodiversity value area outside the protected area (terrestrial, freshwater, or maritime ecosystem) and . - listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Section 8.2 CR Report	Not applicable



Disclosures on Management Approach and Indicators

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Omissions

ENVIRONMENTAL		
Material Aspect: Biodiversity		
G4-DMA	Page 65 of the CR Report	No
a. Report the nature of significant direct and indirect impacts on biodiversity, with reference to one or more of the following:		Not applicable: Iberia's activities are not carried out in areas of high value for biodiversity
• construction or use of manufacturing plants, mines, and transport infrastructure	Section 8.2 CR Report	Not applicable
• pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources);	Section 8.2 CR Report	Not applicable
• introduction of invasive species, pests, and pathogens;	Section 8.2 CR Report	Not applicable
• reduction of species;	Section 8.2 CR Report	Not applicable
G4-EN12	Section 8.2 CR Report	Not applicable
• habitat conversion; and	Section 8.2 CR Report	Not applicable
• changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level).	Section 8.2 CR Report	Not applicable
b. Report significant direct and indirect positive and negative impacts with reference to the following:		Not applicable: Iberia's activities are not carried out in areas of high value for biodiversity
• species affected;	Section 8.2 CR Report	Not applicable
• extent of areas impacted;	Section 8.2 CR Report	Not applicable
• duration of impacts; and	Section 8.2 CR Report	Not applicable
• reversibility or irreversibility of the impacts	Section 8.2 CR Report	Not applicable
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.	Section 8.2 CR Report	
G4-EN13	Section 8.2 CR Report	Not applicable: Iberia's activities are not carried out in areas of high value for biodiversity
Report whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organisation has overseen and implemented restoration or protection measures.	Section 8.2 CR Report	
Report on the status of each area based on its condition at the close of the reporting period.	Section 8.2 CR Report	
Report standards, methodologies, and assumptions used.	Section 8.2 CR Report	

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Omissions

ENVIRONMENTAL			
Material Aspect: Biodiversity			
G4-DMA		Page 65 of the CR Report	No
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 organisation, by level of extinction risk.	Section 8.2 CR Report	Not applicable: Iberia's activities are not carried out in areas of great value for biodiversity
Material Aspect: Emissions			
G4-DMA		Page 65 of the CR Report	No
	Report gross direct (Scope 1) GHG emissions in metric tonnes of CO ₂ equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.	Section 8.3 CR Report	No
G4-EN15	Report gases included in the calculation (whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all).	Section 8.3 CR Report	No
	Report biogenic CO ₂ emissions in metric tonnes of CO ₂ equivalent separately from the gross direct (Scope 1) GHG emissions.	Section 8.3 CR Report	No
G4-EN16	Report gross energy indirect (Scope 2) GHG emissions in metric tonnes of CO ₂ equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.	Section 8.3 CR Report	No
	Report gross other indirect (Scope 3) GHG emissions in metric tonnes of CO ₂ equivalent, excluding indirect emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organisation (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
G4-EN17	Report gases included in the calculation, if available.	Section 8.3 CR Report	No
	Report biogenic CO ₂ emissions in metric tonnes of CO ₂ equivalent separately from the gross direct (Scope 3) GHG emissions.	Section 8.3 CR Report	No
	Report other indirect (Scope 3) emissions categories and activities included in the calculation.	Section 8.3 CR Report	No

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ENVIRONMENTAL			
Material Aspect: Emissions			
G4-DMA		Page 65 of the CR Report	No
	Report the GHG emissions intensity ratio.	Section 8.3 CR Report	No
	Report the organisation-specific metric (the ratio denominator) chosen to calculate the ratio.	Section 8.3 CR Report	No
G4-EN18	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
	Report gases included in the calculation.	Section 8.3 CR Report	No
	Report the amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions, in metric tonnes of CO ₂ equivalent.	Section 8.3 CR Report	No
	Report gases included in the calculation (whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ or all).	Section 8.3 CR Report	No
G4-EN19	Report the chosen base year or baseline and the rationale for choosing it.	Section 8.3 CR Report	No
	Report standards, methodologies, and assumptions used.	Section 8.3 CR Report	No
	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
	Report production, imports, and exports of ODS in metric tonnes of CFC-11 equivalent.	Section 8.3 CR Report	No
	Report substances included in the calculation.	Section 8.3 CR Report	No
G4-EN20	Report standards, methodologies, and assumptions used.	Section 8.3 CR Report	No
	Report the source of the emission factors used.	Section 8.3 CR Report	No

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ENVIRONMENTAL		
Material Aspect: Emissions		
G4-DMA	Page 65 of the CR Report	No
Report the amount of significant air emissions, in kilograms or multiples for each of the following:		
• NO _x ;	Section 8.4 CR Report	No
• SO _x ;	Section 8.4 CR Report	The present methodology (defined by ICAO) is solely based on LTO (Landing and Take-Off) cycles
• persistent organic pollutants (POP);	Section 8.4 CR Report	
G4-EN21		
• volatile organic compounds (VOC);	Section 8.4 CR Report	No
• hazardous air pollutants (HAP);	Section 8.4 CR Report	The present methodology (defined by ICAO) is solely based on LTO (Landing and Take-Off) cycles
• particulate matter (PM);;	Section 8.4 CR Report	
• other standard categories of air emissions identified in relevant regulations.	Section 8.4 CR Report	
Report standards, methodologies, and assumptions used. Report the source of the emission factors used.	Section 8.4 CR Report	No
Material Aspect: Effluents and waste		
G4-DMA	Page 65 of the CR Report	No
Report the total volume of planned and unplanned water discharges by:		
• destination;	Section 8.5 CR Report	No
• quality of the water including treatment method;	Section 8.5 CR Report	No
G4-EN22		
• whether it was reused by another organisation	Section 8.5 CR Report	Not applicable: water has not been recycled or reused
Report standards, methodologies, and assumptions used.	Section 8.5 CR Report	No



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Omissions

ENVIRONMENTAL			
Material Aspect: Emissions			
G4-DMA		Page 65 of the CR Report	No
	a. Report the nature of significant direct and indirect impacts on biodiversity, with reference to one or more of the following:		
	• reuse;	Section 8.5 CR Report	No
	• recycling;	Section 8.5 CR Report	No
	• composting;;	Section 8.5 CR Report	No
	• recovering, including energy recover;	Section 8.5 CR Report	No
	• incineration (mass burn);;	Section 8.5 CR Report	No
	• deep well injection;	Section 8.5 CR Report	No
	• landfill;	Section 8.5 CR Report	No
G4-EN23	• on-site storage;	Section 8.5 CR Report	No
	• other (to be specified by the organisation).	Section 8.5 CR Report	No
	b. Report how the waste disposal method has been determined:	Section 8.5 CR Report	No
	• Disposed of directly by the organisation or otherwise directly confirmed	Section 8.5 CR Report	No
	• Information provided by the waste disposal contractor.	Section 8.5 CR Report	No
	• Organisational defaults of the waste disposal contractor.	Section 8.5 CR Report	No

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ENVIRONMENTAL		
Material Aspect: Effluents and waste		
G4-DMA	Page 65 of the CR Report	No
a. Report the total number and total volume of recorded significant spills.	Section 8.5 CR Report	No
b. For spills that were reported in the organisation's financial statements, report the additional following information for each such spill:	Section 8.5 CR Report	No
• location of spill;;	Section 8.5 CR Report	
• volume of spill;;	Section 8.5 CR Report	
• Material of spill, categorised by		
G4-EN24		Not applicable: no spills have occurred
- Oil spills (soil or water surfaces);		
- Fuel spills (soil or water surfaces);		
- Spills of wastes (soil or water surfaces)	Section 8.5 CR Report	
- Spills of chemicals (mostly soil or water surfaces); and – other (to be specified by the organization).		
c. Report the impacts of significant spills	Section 8.5 CR Report	Not applicable: no spills have occurred
a. Report the total weight:		
• Hazardous waste transported;	Section 8.5 CR Report	Not applicable: no hazardous waste has been transported
• Hazardous waste imported;	Section 8.5 CR Report	Not applicable: no hazardous waste has been imported
G4-EN25		Not applicable: no hazardous waste has been exported
• Hazardous waste exported; and	Section 8.5 CR Report	
• Hazardous waste treated	Section 8.5 CR Report	No
b. Report the percentage of hazardous waste shipped internationally	Section 8.5 CR Report	Not applicable: no hazardous waste has been transported internationally
a. Report water bodies and related habitats that are significantly affected by water discharges, based on the criteria described in the Implementation Manual, adding information on:	Section 8.5 CR Report	No
G4-EN26		Not applicable: no water bodies or related habitats have been affected by water discharges
• Size of water body and related habitat;	Section 8.5 CR Report	
• Whether the water body and related habitat is designated as a protected area (nationally or internationally)	Section 8.5 CR Report	
• Biodiversity value (such as total number of protected species)	Section 8.5 CR Report	

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ENVIRONMENTAL			
Material Aspect: Products and services			
G4-DMA		Page 65 of the CR Report	No
G4-EN27	Report quantitatively the extent to which environmental impacts of products and services have been mitigated during the reporting period. If use-oriented figures are employed, report the underlying assumptions regarding consumption patterns or normalisation factors.	Section 8.1, 8.3 and 8.4 CR Report	No
G4-EN28	Report the percentage of reclaimed products and their packaging materials for each product category. Report how the data for this Indicator has been collected	Section 8.6 CR Report	Not applicable since Iberia's main activity is the marketing of seats / flight hours
Material Aspect: Compliance			
G4-DMA		Page 65 of the CR Report	No
G4-EN29	a. Report significant fines and non-monetary sanctions in terms of: <ul style="list-style-type: none"> Total monetary value of significant fines; Total number of non-monetary sanctions; and cases brought through dispute resolution mechanisms. b. Where organisations have not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.	<p>Section 8.6 CR Report</p>	No
Material Aspect: Transport			
G4-DMA		Page 65 of the CR Report	No
G4-EN30	Report the significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce. Where quantitative data is not provided, report the reason.	Section 8.1 CR Report	No
G4-EN30	Report how the environmental impacts of transporting products, members of the organisation's workforce, and other goods and materials are mitigated.	Section 8.1 CR Report	No
G4-EN30	Report the criteria and methodology used to determine which environmental impacts are significant.	Section 8.1 CR Report	No

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ENVIRONMENTAL			
Material Aspect: General			
G4-DMA		Page 65 of the CR Report	No
	a. Report total environmental protection expenditures by:	Section 8.6 CR Report	No
G4-EN31	• Waste disposal, emissions treatment, and remediation costs	Section 8.6 CR Report	No
	• Prevention and environmental management costs.	Section 8.6 CR Report	No
Material Aspect: Supplier environmental assessment			
G4-DMA		Page 97 of the CR Report	No
G4-EN32	Report the percentage of new suppliers that were screened Section using environmental criteria	Section 10.3 CR Report	No
	Report the number of suppliers subject to environmental impact assessments.	Section 10.3 CR Report	No
	Report the number of suppliers identified as having significant actual and potential negative environmental impacts.	Section 10.3 CR Report	No
G4-EN33	Report the significant actual and potential negative environmental impacts identified in the supply chain	Section 10.3 CR Report	No
	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
	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
Material Aspect: Environmental grievance mechanisms			
G4-DMA		Page 65 of the CR Report	No
	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
	b. Of the identified grievances, report how many were:		
G4-EN34	• Addressed during the reporting period;	Section 8.6 CR Report	No
	• Resolved during the reporting period.	Section 8.6 CR Report	No
	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

**Disclosures on Management Approach and Indicators****Location in the report or explanation by page/section/direct reply****Omissions**

SOCIAL			
LABOUR PRACTICES AND DECENT WORK			
Material Aspect: Employment			
G4-DMA		Page 77 of the CR Report	No
G4-LA1	Report the total number and rate of new employee hires during the reporting period, by age group, gender and region. 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
G4-LA2	<ul style="list-style-type: none"> • Report the benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: • Life insurance • Health care • Disability and invalidity coverage • Parental leave • Retirement provision • Stock ownership • Others • Report the definition used for 'significant locations of operation'. 	Section 9.1 and 9.5 CR Report	No
G4-LA3	Report the total number of employees that were entitled to parental leave, by gender.	Section 9.5 CR Report	No
	Report the total number of employees that took parental leave, by	Section 9.5 CR Report	No
	Report the total number of employees who returned to work after parental leave ended, by gender.	Section 9.5 CR Report	No
	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
	Report the return to work and retention rates of employees who took parental leave, by gender.	Section 9.5 CR Report	No

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SOCIAL			
LABOUR PRACTICES AND DECENT WORK			
Material Aspect: Labour/management relations			
G4-DMA		Page 77 of the CR Report	No
G4-LA4	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. For organisations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements	Section 9.2 CR Report	No
Material Aspect: Occupational health and safety			
G4-DMA		Page 77 of the CR Report	No
G4-LA5	Report the level at which each formal joint management-worker health and safety committee typically operates within the organisation. Report the percentage of the total workforce represented in formal joint management-worker health and safety committees.	Section 9.3 CR Report	No
G4-LA6	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 region and gender.	Section 9.3 CR Report	No
G4-LA6	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 organisation is liable for the general safety of the working environment, by region and gender.	Section 9.3 CR Report	No
	Report the system of rules applied in recording and reporting accident statistics.	Section 9.3 CR Report	No

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SOCIAL			
LABOUR PRACTICES AND DECENT WORK			
Material Aspect: Occupational health and safety			
G4-DMA		Page 77 of the CR Report	No
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
G4-LA8	Report whether formal agreements (either local or global) with trade unions cover health and safety. 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
Material Aspect: Training and education			
G4-DMA		Page 77 of the CR Report	No
G4-LA9	Report the average hours of training that the organisation's employees have undertaken during the reporting period, by gender and employee category.	Section 9.4 CR Report	No
G4-LA10	Report on the type and scope of programmes implemented and assistance provided to upgrade employee skills. 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
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





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SOCIAL			
LABOUR PRACTICES AND DECENT WORK			
Material Aspect: Diversity and equal opportunity			
G4-DMA		Page 77 of the CR Report	No
G4-LA12	<p>Report the percentage of individuals within the organisation's governance bodies in each of the following diversity categories:</p> <ul style="list-style-type: none"> • Gender • Age group: under 30 years old, 30-50 years old, over 50 years old • Minority groups • Other indicators of diversity where relevant <p>Report the percentage of employees per employee category in each of the following diversity categories:</p> <ul style="list-style-type: none"> • Gender • Age group: under 30 years old, 30-50 years old, over 50 years old • Minority groups • Other indicators of diversity where relevant 	Section 9.5 CR Report	No
Material Aspect: Equal remuneration for women and men			
G4-DMA		Page 77 of the CR Report	No
G4-LA13	<p>Report the ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.</p> <p>Report the definition used for 'significant locations of operation'</p>	Section 9.5 CR Report	No
Material Aspect: Supplier assessment for labour practices			
G4-DMA		Page 77 of the CR Report	No
G4-LA14	Report the percentage of new suppliers that were screened using labour practices criteria.	Section 9.6 CR Report	No



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Omissions

SOCIAL

LABOUR PRACTICES AND DECENT WORK

Material Aspect: Supplier assessment for labour practices

G4-DMA		Page 77 of the CR Report	No
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	<p>Report the number of suppliers subject to impact assessments for labour practices. Report the number of suppliers identified as having significant actual and potential negative impacts for labour practices. Report the significant actual and potential negative impacts for labour practices identified in the supply chain. Report the percentage of suppliers identified as having significant actual and potential negative impacts for labour practices with which relationships were terminated as a result of assessment, and why.</p>	Section 9.6 CR Report	No
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Material Aspect: Labour practices grievance mechanisms

G4-DMA		Page 77 of the CR Report	No
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	<p>Report the total number of grievances about labour practices filed through formal grievance mechanisms during the reporting period. Of the identified grievances, report how many were:</p> <ul style="list-style-type: none"> • Addressed during the reporting period • Resolved during the reporting period <p>• Report the total number of grievances about labour practices filed prior to the reporting period that were resolved during the reporting period.</p>	Section 9.5 CR Report	No
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SOCIAL

HUMAN RIGHTS

Material Aspect: Investment

G4-DMA		Page 77 of the CR Report	No
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	<p>Report the total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. Report the definition of 'significant investment agreements' used by the organisation.</p>	Section 10.3 CR Report	No
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SOCIAL			
HUMAN RIGHTS			
Material Aspect: Investment			
G4-DMA		Page 97 of the CR Report	No
G4-HR2	<p>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.</p> <p>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.</p>	Section 10.2 CR Report	No
Material Aspect: Non-discrimination			
G4-DMA		Page 77 of the CR Report	No
G4-HR3	<p>Report the total number of incidents of discrimination during the reporting period.</p> <p>Report the status of the incidents and the actions taken with reference to the following:</p> <ul style="list-style-type: none"> • Incident reviewed by the organisation • Remediation plans being implemented • Remediation plans have been implemented and results reviewed through routine internal management review processes • Incident no longer subject to action 	Section 9.5, 10.1, 10.2 and 10.3 CR Report	No
Material Aspect: Freedom of association and collective bargaining			
G4-DMA		Page 77 of the CR Report	No
G4-HR4	<p>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"> • Type of operation (such as manufacturing plant) and supplier • Countries or geographical areas with operations and suppliers considered at risk <p>Report measures taken by the organisation 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



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**Disclosures on Management Approach and Indicators****Location in the report or explanation by page/section/direct reply****Omissions**

SOCIAL			
HUMAN RIGHTS			
Material Aspect: Child labour			
G4-DMA		Page 97 of the CR Report	No
	Report operations and suppliers considered to have significant risk for incidents of:		
	<ul style="list-style-type: none"> • Child labour • Young workers exposed to hazardous work 		
G4-HR5	Report operations and suppliers considered to have significant risk for incidents of child labour either in terms of:	Section 10.3 CR Report	No
	<ul style="list-style-type: none"> • Type of operation (such as manufacturing plant) and supplier • Countries or geographical areas with operations and suppliers considered at risk. • Report measures taken by the organisation in the reporting period intended to contribute to the effective abolition of child labour. 		
Material Aspect: Forced or compulsory labour			
G4-DMA		Page 97 of the CR Report	No
	Report operations and suppliers considered to have significant risk for incidents of forced or compulsory labour either in terms of:		
	<ul style="list-style-type: none"> • Type of operation (such as manufacturing plant) and supplier • Countries or geographical areas with operations and suppliers considered at risk 		
G4-HR6	Report measures taken by the organisation in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labour.	Section 10.3 CR Report	No
Material Aspect: Security practices			
G4-DMA		Page 97 of the CR Report	No
G4-HR7	Report the percentage of security personnel who have received formal training in the organisation's human rights policies or specific procedures and their application to security.	Section 10.2 CR Report	No
	Report whether training requirements also apply to third party organisations providing security personnel.		

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SOCIAL			
HUMAN RIGHTS			
Material Aspect: Indigenous rights			
G4-DMA		Page 97 of the CR Report	No
	Report the total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.		
	<ul style="list-style-type: none"> Report the status of the incidents and the actions taken with reference to: 		
G4-HR8	<ul style="list-style-type: none"> Incident reviewed by the organisation Remediation plans being implemented Remediation plans have been implemented and results reviewed through routine internal management review processes Incident no longer subject to action 	Section 10.1, 10.2 and 10.3 CR Report. None have occurred	No
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
Material Aspect: Supplier human rights assessment			
G4-DMA		Page 97 of the CR Report	No
G4-HR10	Report the percentage of new suppliers that were screened using human rights criteria.	Section 9.6, 10.1, 10.2 and 10.3 CR Report	No
	Report the number of suppliers subject to human rights impact assessments.		
	Report the number of suppliers identified as having significant actual and potential negative human rights impacts.		
	Report the significant actual and potential negative human rights impacts identified in the supply chain.		
G4-HR11	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.	Section 10.3 CR Report	No
	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.		



Disclosures on Management Approach and Indicators

Location in the report or explanation by page/section/direct reply

Omissions

SOCIAL		
HUMAN RIGHTS		
Material Aspect: Human rights grievance mechanisms		

G4-DMA		Page 97 of the CR Report	No
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G4-HR12	<p>Report the total number of grievances about human rights impacts filed through formal grievance mechanisms during the reporting period.</p> <p>Of the identified grievances, report how many were:</p> <ul style="list-style-type: none"> • Addressed during the reporting period • Resolved during the reporting period. <p>• Report the total number of grievances about human rights impacts filed prior to the reporting period that were resolved during the reporting period.</p>	Section 10.1, 10.2 and 10.3 CR Report None have occurred	No
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SOCIAL		
SOCIETY		
Material Aspect: Local communities		

G4-DMA		Page 103 of the CR Report	No
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G4-SO1	Report the percentage of operations with implemented local community engagement, impact assessments, and development programmes.	Section 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 CR Report	No
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G4-SO2	<p>Report operations with significant actual and potential negative impacts on local communities, including:</p> <ul style="list-style-type: none"> • The location of the operations • The significant actual and potential negative impacts of operations. 	Section 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 CR Report	No
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Material Aspect: Anti-corruption		
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G4-DMA		Page 103 of the CR Report	No
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G4-SO3	<p>Report the total number and percentage of operations assessed for risks related to corruption.</p> <p>Report the significant risks related to corruption identified through the risk assessment.</p>	Section 11.3 CR Report	No
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Disclosures on Management Approach and Indicators	Location in the report or explanation by page/section/direct reply	Omissions
SOCIAL		
SOCIETY		
Material Aspect: Anti-corruption		
G4-DMA	Page 103 of the CR Report	No
G4-SO4	Section 11.3 CR Report	No
G4-SO5	Section 11.3 CR Report	No
Material Aspect: Public policy		
G4-DMA	Page 103 of the CR Report	No
G4-SO6	Section 11.4 CR Report	No

**Disclosures on Management Approach and Indicators****Location in the report or explanation by page/section/direct reply****Omissions**

SOCIAL			
SOCIETY			
Material Aspect: Anti-competitive behaviour			
G4-DMA		Page 103 of the CR Report	No
G4-SO7	Report the total number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant. Report the main outcomes of completed legal actions, including any decisions or judgements.	Section 11.5 CR Report	No
Material Aspect: Compliance			
G4-DMA		Page 103 of the CR Report	No
G4-SO8	Report significant fines and non-monetary sanctions in terms of: <ul style="list-style-type: none"> • Total monetary value of significant fines • Total number of non-monetary sanctions • Cases brought through dispute resolution mechanisms. If the organisation has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient. Report the context against which significant fines and non-monetary sanctions were incurred.	Section 11.5 CR Report	No
Material Aspect: Worker assessment for impacts on society			
G4-DMA		Page 97 of the CR Report	No
G4-SO9	Report the percentage of new suppliers that were screened using criteria for impacts on society.	Section 10.3 CR Report	No
G4-SO10	Report the number of suppliers subject to assessments for impacts on society. Report the number of suppliers identified as having significant actual and potential negative impacts on society. Report the significant actual and potential negative impacts on society identified in the supply chain. 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. 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.	Section 10.3 CR Report	No

Disclosures on Management Approach and Indicators	Location in the report or explanation by page/section/direct reply	Omissions
SOCIAL		
SOCIETY		
Material Aspect: Grievance mechanisms for impacts on society		
G4-DMA	Page 103 of the CR Report	No

G4-SO11	<p>Report the total number of grievances about impacts on society filed through formal grievance mechanisms during the reporting period.</p> <p>Of the identified grievances, report how many were:</p> <ul style="list-style-type: none"> • Addressed during the reporting period • Resolved during the reporting period. <p>Report the total number of grievances about impacts on society filed prior to the reporting period that were resolved during the reporting period.</p>	Section 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 CR Report	No
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SOCIAL			
PRODUCT RESPONSIBILITY			
Material Aspect: Customer health and safety			
G4-DMA	Page 119 of the CR Report	No	
G4-PR1	<p>Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement.</p>	Section 12.1, 12.2, 12.3, 12.4 and 12.5 CR Report	No

G4-PR2	<p>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:</p> <ul style="list-style-type: none"> • Incidents of non-compliance with regulations resulting in a fine or penalty • Incidents of non-compliance with regulations resulting in a warning • Incidents of non-compliance with voluntary codes <p>If the organisation has not identified any non-compliance with regulations and voluntary codes, a brief statement of this fact is sufficient.</p>	Section 12.3, 12.4, 12.5 and 12.6 CR Report	No
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Disclosures on Management Approach and Indicators

Location in the report or explanation by page/section/direct reply

Omissions

SOCIAL			
PRODUCT RESPONSIBILITY			
Material Aspect: Product and service labelling			
G4-DMA		Page 65 of the CR Report	No
G4-PR3	<p>Report whether the following product information is required by the organisation's procedures for product information and labelling:</p> <ul style="list-style-type: none"> • The sourcing of components of the product or service • Content, particularly with regard to substances that might produce an environmental or social impact • Safe use of the product or service • Disposal of the product and environmental/social impacts • Others (explain) <p>Report the percentage of significant product or service categories covered by and assessed for compliance with such procedures.</p>	<p>Section 8.1 and 12.2 CR Report</p> <p>The on board catering service is managed by specific suppliers</p>	No
G4-PR4	<p>Report the total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by:</p> <ul style="list-style-type: none"> • Incidents of non-compliance with regulations resulting in a fine or penalty • Incidents of non-compliance with regulations resulting in a warning • Incidents of non-compliance with voluntary codes 	Section 11.7 CR Report	No
G4-PR5	<p>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"> • The organisation as a whole • A major product or service category • Significant locations of operation 	Section 12.3, 12.4 and 12.5 CR Report	No

Disclosures on Management Approach and Indicators
Location in the report or explanation by page/section/direct reply
Omissions

SOCIAL		
PRODUCT RESPONSIBILITY		
Material Aspect: Marketing communications		
G4-DMA		Page 119 of the CR Report
G4-PR6	<p>Report whether the organisation sells products that are:</p> <ul style="list-style-type: none"> • Banned in certain markets • The subject of stakeholder questions or public debate <p>Report how the organisation has responded to questions or concerns regarding these products.</p>	<p>Iberia does not operated in locations subject to public debate therefore no questions have arisen</p>
G4-PR7	<p>• Report the total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <ul style="list-style-type: none"> • Incidents of non-compliance with regulations resulting in a fine or penalty • Incidents of non-compliance with regulations resulting in a warning • Incidents of non-compliance with voluntary codes 	Section 12.8 CR Report
Material Aspect: Customer privacy		
G4-DMA		Page 119 of the CR Report
G4-PR8	<p>Report the total number of substantiated complaints received concerning breaches of customer privacy, categorised by:</p> <ul style="list-style-type: none"> • Complaints received from outside parties and substantiated by the organisation • Complaints from regulatory bodies <p>Report the total number of identified leaks, thefts, or losses of customer data.</p> <p>If the organisation has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	Section 12.6 CR Report
Material Aspect: Compliance		
G4-DMA		Page 119 of the CR Report
G4-PR9	<p>Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.</p> <p>If the organisation has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.</p>	Section 12.4 CR Report



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