

2018 Sustainability Report





Content Guide

		Chairman's Statement	04
			
		Iberia company profile	07
			
		Governance and stakeholders	33
			
		Sustainable operations	43
			
		Materiality	59
			
		Appendix - Content Global Reporting Initiative	63
			

Statement from Luis Gallego, Executive Chairman



2018 has been a year in which once again we have made progress, in transforming our company, in all areas.

Innovation and digitalisation have played an outstanding role, with the incorporation into our fleet of the new generation A350 aircraft in one of the most significant achievements.

We also took delivery of the first A320neo, included new functionalities in iberia.com (with the voice playing a major role), and launched a digital press app for our customers, among other initiatives.

In addition, we renewed our Premium lounges, and inaugurated flights to San Francisco, as well as increasing the frequency of flights to several destinations in our network, focusing on Latin America and Japan; internally, we launched the Plan person@ and the Diversity Plan.

All these initiatives form part of what we have called the Virtuous Circle, where financial results, customers and people are part of an inseparable and interdependent whole.

If we focus on our financial performance, 2018 has been a positive year; we have achieved operating profit of 437 million euros, representing an increase of 61 million euros over the previous year, with an operating margin adjusted by leasing of 10%.

As I said at the beginning, the incorporation of the A350 to our fleet was a great achievement in 2018. This aircraft provides efficiency for the company, is more environmentally friendly and offers customers better service. This new-generation aircraft represents a great technological leap forward. In 2018, we received two of these aircraft; four will arrive in 2019 and a further 14 will reach us by 2023.

The short and medium haul fleet is being renewed thanks to the A320neo; this aircraft is quieter and more advanced and efficient, with lower CO₂ and NO_x emissions (50% less in the case of NO_x), and at the same time incorporates new benefits for customers, such as USB connections available in all rows, and new seats which make it possible to offer more space - we are also incorporating these seats into the rest of our short and medium haul aircraft. We have a firm order for 20 A320neo aircraft, the first two of which were received in 2018.

Innovation is not only present in the new fleet. In phase 2 of our Future Plan, digital transformation is a crosscutting project which affects the entire company, our employees, equipment and processes, and our customers. We launched 35 specific projects which materialised in 2018.

We want the experience to be 100% digital and to achieve total connectivity. We want an internet connection to be permanently available for our customers, as well as in the airport, the aircraft and the maintenance hangars. We have incorporated new concepts of communication and payment platforms, onboard WiFi, virtual and augmented reality, and digital press, etc. But this is only the beginning.

As for our people, in 2018 we launched the Plan person@, centring on personal and professional development and recognition for the individuals who make up Iberia, focussing additionally on diversity and inclusion.

In short, we have continued working on the company's transformation so that once the challenge of survival has been met, we can set ourselves a greater challenge: excellence.

Luis Gallego



IBERIA





Iberia company profile



Achievements



Every day is the first day. The maxim we follow



Safety in all operations
is our commitment to Excellence



2018 in figures



Achievements

The most outstanding achievements in 2018



The arrival of our new-generation fleet, the A350-900 aircraft

In 2018 we received the first two A350-900 of an order of 16. These are new-generation, long-range (14,800 kilometres) twin-engine aircraft, which consume 25% less fuel than other, similar aircraft, emit 25% less CO₂, therefore, and are much quieter. The delivery flight from Toulouse to Madrid was carried out using a mixture of biofuel.

The new aircraft have 348 seats spread through three cabins, with 31 in Business Class, 24 in Tourist Premium and 293 in Tourist. The layout of the spaces throughout the plane, with integrated galleys among other features, has made it possible to increase the space devoted to passengers, as well as providing greater capacity for their hand luggage in all three cabins.

All seats have individual, à la carte entertainment, connectors for recharging personal devices and KU-band WiFi. The aircraft has seven temperature control zones, which will allow the temperature to be regulated differently in the different sections of the plane. The windows, one for each row of seats, are panoramic and the lighting is based on LED lights.

The arrival of the A350-900 also entails a new way of understanding Iberia's flight operations, such as eOperations, which enables us to use the digital information about the flight in electronic form, and to integrate the plane's onboard systems with its Operations and IT infrastructure.

The company and all its employees are meticulously preparing to receive the new aircraft. Between September 2016 and July 2018, we undertook more than 270 activities relating to purchasing materials, tools and ground equipment; training for crews and aircraft maintenance technicians; flight, maintenance and engineering operations; and technical documentation.

The names we have chosen for them pay homage to significant Spanish individuals and entities, such as Plácido Domingo, Paco de Lucía and the Prado Museum.



Achievements

The most outstanding achievements in 2018

Technological leap forward in short and medium haul as well

Iberia has also made a considerable technological leap forward in its short- and medium-haul fleet with the arrival of the first two A320neo of an order of 20. This is an aircraft for short- and medium-haul routes, and is the most advanced, most efficient and quietest, and the most environmentally friendly, as it emits 5,000 fewer tonnes of CO₂ a year and 50% less NO_x. It can accommodate 186 passengers, and boasts wider aisles, more knee room, a USB connection in all rows and reclining seating which can connect to the electrical network in Business Class.

Aviation is the theme followed by the names of the Airbus A320neo, such as Patrulla Águila and Getafe (the cradle of Spanish aviation), the names given to the first two units received by Iberia of this model.



Voice, taking centre stage in the digital transformation at Iberia



Among the initiatives we are developing to improve our customers travelling experience, there is a commitment to voice-based options to facilitate communication and simplify many of the interactions with customers. In line with this goal, the airline is in Alexa, Aura and Google's assistant, and has launched its chatbot.

These virtual voice services are part of the huge digital transformation project the company is undertaking, which is based on four key pillars: customers, employees, efficiency in operations and the search for new ventures.

Four-star airline

Last year, the Airline Passenger Experience Association (APEX) included Iberia among its 4-star airlines thanks to the positive ratings given by passengers. The APEX ranking is highly prestigious, as it is drawn up taking into account anonymous opinions collected from over 500,000 flights. The aspects surveyed included in-cabin service, entertainment and seat comfortableness.

Digital transformation reaches the entire company



Digital transformation is one of the crosscutting initiatives of Iberia's Future Plan; it affects all the areas, the process, the people and customers. For Iberia, digital transformation calls for a good balance to be struck between internal transformation (digital culture, new working methods which are more agile, collaborative, creative, etc.) and opening up to the outside (e.g., start-ups, new businesses and innovation).

Among other initiatives, in recent months, we have become actively involved in "voice commerce" with the development of an accessible chatbot at iberia.com; the launch of the Iberia skill in Amazon's assistant, Alexa; and its presence in Google Home, Google Assistant and, very soon, the Movistar platform as well. In addition, Iberia has been a pioneer in introducing virtual reality as part of the available onboard entertainment. Many of these projects have been developed in conjunction with start-ups, which has also allowed the company to adapt to new ways of working.

Achievements

The most outstanding achievements in 2018

Broadband WiFi

We have installed the 2Ku broadband system on our A330-300 and A340-600 aircraft, thus offering greater connection speeds and even making streaming possible. It is available for flights to the United States and Latin America.



New Dalí Premium Lounge

Following the refurbishment of the Velázquez Premium Lounge one year earlier, in 2018 the Dalí Premium Lounge, located in T4 at the Madrid airport, underwent a thorough makeover in order to improve the travel experience for its users, providing more space, connectivity, an improved culinary range, and more room for showering and resting, among other benefits.

As part of our commitment to the environment, we have put in place a project to reduce plastics and waste in our Premium Lounges, by replacing plastic with returnable glass, and individually packaged items with loose items, among other initiatives, which will be explained later.



Direct flights to San Francisco

In April 2018, Iberia inaugurated its direct flights to San Francisco. This route was initially launched as a seasonal option for the summer season and offered three direct flights a week with A330-200 aircraft, the only non-stop flights between Spain and the Californian city. Iberia began flying to the United States of America in 1954 and currently operates direct flights to New York, Miami, Chicago, Boston, Los Angeles, San Francisco and San Juan, Puerto Rico. In addition, in codeshare with its partners it offers flights to 103 additional destinations.



Increased frequency of flights to Tokyo

Since October 2018, we have been offering five direct flights per week to Tokyo, two more than before. This will allow us to offer 150,000 seats on this route over 2019, up by 60% compared to 2017. The onboard service features Japanese details, such as menus based on Japanese cuisine, publications and films in Japanese and cabin crew who are from the country.

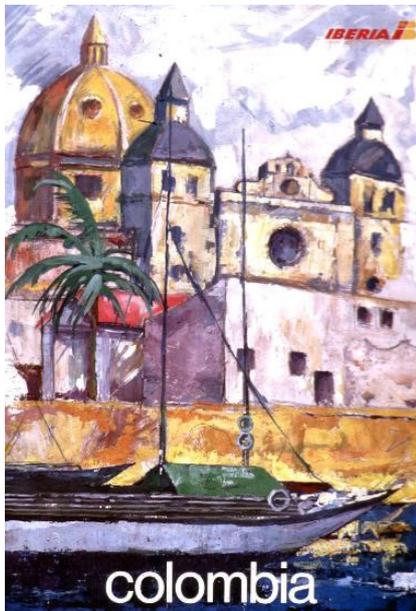
Iberia began flying to Tokyo in 2016.

Achievements

The most outstanding achievements in 2018

Flights to Los Angeles, Dubrovnik and Zagreb throughout the year

Three routes, which started out as seasonal routes just for the summer season at the time, became routes run throughout the year in 2018. The three destinations are Los Angeles in the US and Dubrovnik and Zagreb in Croatia. In this way, Iberia continues to offer greater connection opportunities for its customers in its destination network.



60 years flying to Colombia

Iberia began flying to Bogotá on 6 July 1958. Since then, we have been increasing the number of flights to and from Colombia, which in 2018 rose to 340,000 seats a year, spread over one direct flight a day between Bogotá and Madrid and three flights scheduled per week with Medellín. One of the best-known anecdotes about this route from its 60-year history was the birth of a baby on board on 14 November 1999.



Supporting Spanish culture

Since the very beginning, Iberia has been characterised by its support for the culture and values of Spain, and the events which have most contributed to increasing its visibility around the world. As part of the #Talentonboard project, Iberia participates with the Prado, Thyssen-Bornemisza, Reina Sofía and Guggenheim museums. It supports the Mercedes Benz Fashion Week and Photo España. We are also patrons of the Teatro Real and Liceu theatres. Furthermore, we lend visibility to numerous artistic expressions through our entertainment channels and magazines, as part of this project. In a new venture, in 2018 Iberia participated in the Meninas Madrid Gallery urban art exhibition.



Teresa Helbig designs the new uniforms

Barcelona-based designer Teresa Helbig was chosen from among 30 candidates to create the new uniforms for the company's personnel. Using navy blue as the predominant colour, her design combines the traditional hallmarks of the company with its new image. The design will therefore combine both classic and contemporary aspects, while remaining elegant and practical. This is the first time a woman has designed the uniforms for Iberia.



Every day is the first day

The maxim we follow

We have a successful track record; however, we do not settle for what we are, rather we strive to get better and outdo ourselves every day.

Thinking what we have already accomplished is very good won't lead us on to achieve our goal.

That is why we believe the only way to become better is to work every day as if it all still remains to be done. This is our attitude and the way we face each day to offer the best of ourselves.



Safety

in all operations
is our commitment to excellence

For a company such as Iberia, committed to serving society, safety – understood in a global, positive and humanistic way – is a basic pillar.

This is an ongoing process which affects all the areas at horizontal level and the entire organisational structure at vertical level.

But, above all, it is a way of being and of acting. A philosophy which is leading to the implementation of the most sophisticated, latest developments, whether in the area of technology, in interconnection via the internet of all the processes and systems, in understanding the environment in which we are acting, and in the application of predictive programmes or projects specially aimed at prevention.

Safety should extend to users, naturally; but it must begin from within, through recycling and individualised, ongoing training programmes which make it possible to maintain a team which is prepared at all times.

Building a responsible, safe organisation is not a fad - it is a characteristic which identifies us and enables us to make progress, through processes for continual improvement with their corresponding roadmaps.





Chairman's Statement



Iberia company profile



Governance and stakeholders



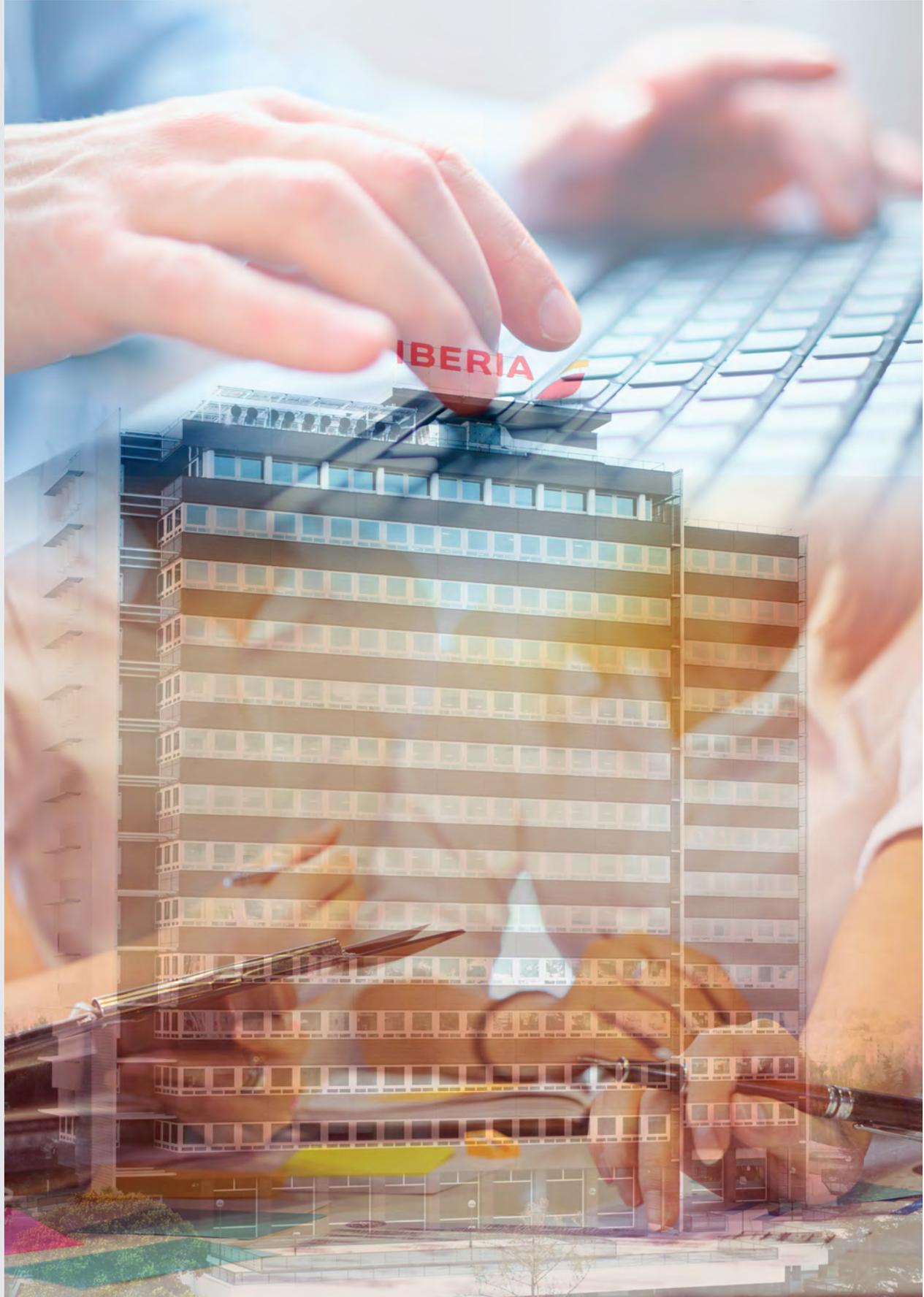
Sustainable operations



Materiality



Appendix - GRI Content



2018 in figures

Air Transport



Our fleet **146 aircraft**

IBERIA 
82 aircraft

82

IBERIA REGIONAL 
AIRNOSTRUM
42 aircraft

42

IBERIA EXPRESS 
22 aircraft

22

Fleet renewal:

In 2018, two A350-900, one A330-200 and two A320neo joined the fleet. In 2019, four A350-900 and five A320neo are scheduled to be incorporated.

2018 in figures

Airport services

357,219 aircraft assisted, 0.6% up on 2017.

171 client companies, in the 29 national airports where we provide our handling service.

We have renewed 80% of the motorised fleet in the last four years, and incorporated alternative energies; in fact, almost 40% of the equipment which can be run on electricity is electric, which has led to a very significant reduction in emissions and in fossil fuel consumption.



More than 96.6 million passengers assisted in all the stations in the national network, 6% up on 2017.

Around 58 million items of luggage handled, 2% up on the previous year.



In 2018, we assisted **62,936 unaccompanied children**.

Go-up! is a macroproject from Iberia Servicios Aeroportuarios to make handling a more efficient, digital and sustainable activity. It covers **130 iniciativas**, including:

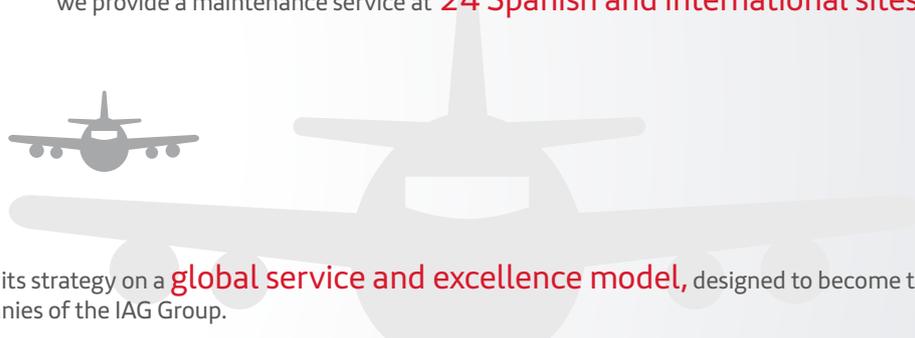
- ✈ Kepler System. This is a tool which serves to plan, manage and assign our resources in real time. The aim is to gain efficiency and competitiveness through the incorporation of mobile technology in all areas and at all levels. In 2018, we implemented this tool at the airports in San Sebastián, Pamplona and Vigo and it is scheduled to be installed in the remaining Spanish airports in 2019.
- ✈ The BRS system. It enables detailed information to be obtained about the luggage items loaded on each flight, ensuring baggage traceability. This system is already implemented in the major airports in the national network; Madrid, Barcelona, Bilbao, Palma de Mallorca, Málaga, Las Palmas, Tenerife Sur and Alicante.
- ✈ Telemetry in ground equipment (180 vehicles, between Madrid and Barcelona). This technology allows us to optimise tasks, maximise safety levels, increase efficiency in fuel consumption, detect aspects requiring improvement and facilitate maintenance of the equipment.

2018 in figures

Aircraft maintenance



- 👍 Engines: **154 inductions.**
- 👍 Auxiliary energy units: **3.**
- 👍 Major Maintenance Checks: **315.**
- 👍 Line Maintenance A Checks: **800.**
- 👍 Aircraft components: **44,000 repaired.**
- 👍 Human resources: **2,782 people.**
- 👍 Iberia Maintenance Sites: In addition to **Madrid and Barcelona** we provide a maintenance service at **24 Spanish and international sites.**



Iberia Maintenance bases its strategy on a **global service and excellence model**, designed to become the benchmark for the companies of the IAG Group.

Faithful to its basic principles, it is firmly committed to innovation and analyses the opportunities offered by new technologies applied to the business, with the goal of offering its customers a catalogue of services at the cutting edge of the sector.

Training and jobs for young people was another of our priorities in 2018, with initiatives such as the implementation, in conjunction with the Madrid Autonomous Region, of a new advanced vocational training course in aeromechanics, thanks to which 40 students gained skills and work experience at Iberia's facilities in La Muñeza, near Madrid's airport.

In addition, we inaugurated a new continuous training centre in the Engine division (NEXT – New Engine X–perienced Training), where 90 employees received training last year.

These activities combine with many others aimed specifically at aiding maintenance mechanics to build their careers inside Iberia.



2018 in figures

Membership of associations

- ✈ Iberia is a member of oneworld, one of the three largest world alliances of airline companies. Its members are characterised by being the leaders in their natural markets and operating with high quality standards.



In addition to Iberia, the alliance includes American Airlines, British Airways, Cathay Pacific, Finnair, Japan Airlines, LATAM, Malaysia Airlines, Qantas, Qatar Airways, Royal Jordanian, S7 Airlines and SriLankan Air, and over 30 affiliate members. In December 2018, the joining of the alliance by Royal Air Maroc was approved.

The oneworld alliance is designed to offer customers a unique travel experience, a worldwide network of destinations and exclusive benefits and services.

- ✈ Iberia is a member of the International Air Transport Association (IATA), an international organisation that brings together approximately 250 regular airlines, which are responsible for most of the national and international air traffic. In November 2018, the association held its Wings of Change Europe event in Madrid, which brought together the main representatives of the sector; Iberia was an active participant.



- ✈ ALA (Association of Airlines operating in Spain). The company is represented on the Management Board of the association and has held the office of Deputy Chairman since 2018.



- ✈ ACETA (Association of Spanish Air Transport Companies). Iberia participates in the Management Board and has held the office of Chairman ACETA since 2014.



- ✈ Latin American and Caribbean Air Transport Association (ALTA).



- ✈ A4E (Airlines for Europe). Iberia (through IAG) has belonged to the leading European air transport association since it was first set up in 2016.



Joint businesses

North Atlantic. An agreement between Iberia, British Airways, American Airlines and Finnair to offer a joint network of routes between North America (Canada, USA and Mexico) and Europe (EU, Switzerland and Norway).



Europe-Latin America. Iberia and LATAM Peru are part of an agreement between Europe and Peru which includes the Madrid/Barcelona- Lima routes. At the same time, Iberia and LATAM Ecuador are part of an agreement between Europe and Ecuador for the Madrid-Quito/Guayaquil routes.

Europe-Japan. In October 2016, with the start of flights between Madrid and Tokyo, Iberia signed on to the agreement between Japan Airlines, British Airlines, British Airways and Finnair for routes between Europe and Japan (Siberian Joint Business).



2018 in figures



Certifications



Certification	Scope	Certifying entity
Verification Greenhouse Gases	Flight and ground operations	AENOR
AENOR N Mark	Measuring and monitoring quality of service	AENOR
Madrid Excelente	Management excellence	AENOR
Aircraft maintenance certifications	National and international agencies (EASA, FAA, etc.)	Competent body
Iberia Servicios Aeroportuarios: Integrated Quality and Environment System, ISO 9001 and ISO 14001	Activity in the 29 stations of the national airport network	AENOR
Iberia Servicios Aeroportuarios: certification in ground operation safety (passengers, luggage, loading and aircraft)	Central services and airport of Madrid, Bilbao, Ibiza, Málaga, Palma de Mallorca and Tenerife Sur	ISAGO



IAG and Iberia Express



This is one of the world's largest airline groups, with 546 aircraft flying to 279 destinations and carrying around 105 million passengers a year. It is the third largest group in Europe and sixth in the world in terms of revenue. Created in January 2011, IAG is the parent company of Aer Lingus, British Airways, Iberia and Vueling. The company is registered in Spain and its shares are listed on the London and Spanish stock markets. The corporate head office of IAG is in London, United Kingdom. [→](#)



100% owned by Iberia, it has consolidated its status as the most punctual low-cost airline in the world for the fifth year in a row. The company currently has a fleet of 22 aircraft and flies to 42 destinations, consisting of 13 national and 29 international destinations. [→](#)

2018 in figures

Financial performance

The operating profit attributed to the Iberia segment in the consolidated financial statements of the IAG Group came to 437 million euros, which was an increase of 61 million euros compared to the previous year, achieving a lease adjusted operating margin of 10.0%.

Direct economic value generated (€M)	2018
Recurring operating income	4.717
Operating income (including non-recurring)	4.717
Financial assistance received from government	0*

* 2.1 million received in official subsidies for training, 1.5 million in deductions for R&D and subsidised loans worth 0.8 million euros.

Economic Value distributed (€M)	2018
Operating costs (including non-recurring)	4.556
Employee wages and benefits	982
Company's total contribution to pension plans	27
Total amount paid to the Social Security	190
Airport or air navigation taxes	369
Taxes paid	786
EU investments	0



Economic Value Distributed (€M)	Spain	Rest of Europe	America	Rest
Employee wages and benefits	968	2	11	1
Operating costs (including non-recurring)	3.731	190	583	52

Direct economic value generated (€M)	Spain	Rest of Europe	América	Rest
Recurring operating income	2.568	845	1.165	139
Operating income (including non-recurring)	2.568	845	1.165	139

2018 in figures

Business activity

In 2018, the Iberia Group reported a load factor of 85.7%, 1.5 points up on the previous year.

The evolution of key indicators is shown below

		2018	% 2018 vs 2017
PKT (millions)	Revenue Passenger Kilometre (Demand)	61.352	+11,6
AKO (millions)	Available Seat Kilometres (Offer)	71.618	+9,6
TKT carga (millions)	Cargo Tonne Kilometre (Demand)	1.146	+3,6

Market	Nº destinations in 2018
Europe	66
Domestic	36
Latin America	18
Africa and Middle East	9
Far East	2
United States	6

✈ Latin America is our main market. We offer more than 250 flights a week which link Europe to 18 destinations in 16 countries in Latin America. Iberia is the leader in this market.

✈ In terms of domestic activity, Iberia is second with 26% of total activity (also measured in ASK). The market leader, with a 34% share, is Vueling, which is also an IAG company.

✈ Iberia accounts for 38% of the total activity at the Hub in Madrid (measured in ASK).

✈ As in 2017, half of Iberia's capacity, measured in available seat kilometres (ASK), is on flights to and from Latin America.

Innovation management

Iberia believes that R&D investment is a distinguishing and strategic value. That is why we invest considerable resources in projects with a strong technological component in order to gradually improve our activity and create new services. Our digital transformation is a crosscutting initiative from the company's Future Plan, which affects all the areas.

In terms of public financing, the Customer Hub project on personalising marketing campaigns was financed by the Centro para el Desarrollo Tecnológico Industrial (CDTI) through 805,000 euros in the form of a soft loan, with a non-refundable tranche of 16,000 euros for an approved budget of 1.07 million euros. Its main benefit is it makes it possible to offer customers 100% personalised and rapid assistance.

Iberia will also receive financing from the Spanish Institute for the Diversification and Saving of Energy (IDAE), as part of the MOVALT Infraestructura project, for installing electric vehicle charging stations at the Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports. The IDAE has reserved 72,000 euros in its budget to subsidise this initiative, which has an expected value eligible for financing of 180,000 euros.

2018 in figures

Quality of service



Punctuality

In 2018, the Iberia Group once again demonstrated its commitment to punctuality, as an essential part of the quality of its service.

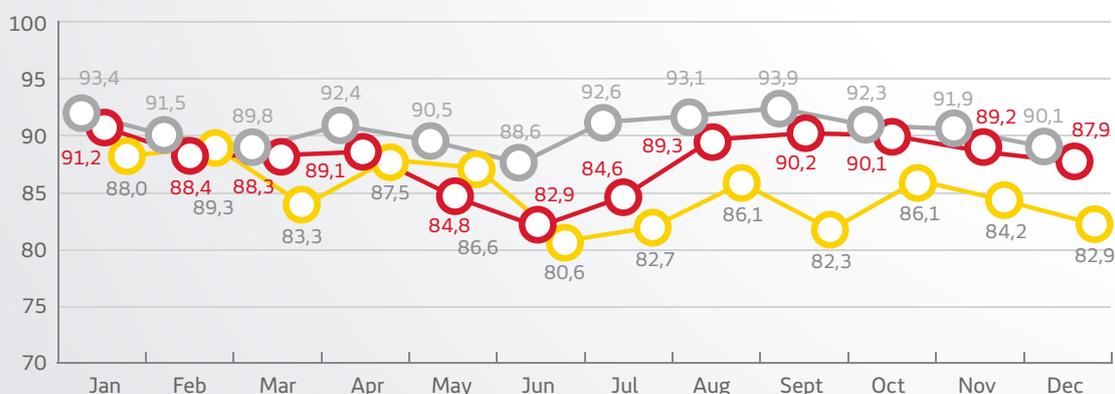
Iberia was the third most punctual airline in Europe for on-time flight arrivals, sixth in the world and the first in Spain, according to FlightGlobal, the leading consultant for real-time flight information, with more than 82% of its flights arriving on time.

Iberia Express came top in the worldwide punctuality league table for the fifth year running in the low-cost segment, with 86.5% of its flights arriving on time.

Iberia and Iberia Express achieved these positions in a particularly difficult year for the European aviation industry, which experienced serious air traffic control issues due to labour disputes and airspace saturation.



Departure punctuality in 2018




IBERIA EXPRESS
TOTAL: 86,47%


SHORT/MEDIUM
HAUL
TOTAL: 87,99%


LONG HAUL
TOTAL:
84,98%

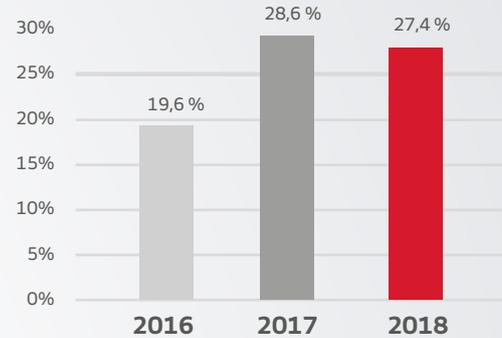
2018 in figures

Commitment to Satisfaction (NPS)



The NPS (Net Promoter Score) is a recommendation index reduced on the basis of the answers to questions in the survey we send our customers to assess their travel experience: How likely would you be to recommend Iberia to a relative, friend or acquaintance? (where 0 is "very unlikely" and 10 "very likely").

We call customers who answered with a score of 9 or 10 "promoters" and those who gave a score between 0 and 6 "detractors"; the NPS is calculated as the difference between the proportion of promoters and that of detractors.



The NPS stabilised in 2018, at 27.4 points, slightly below the previous year. The key factors which had a positive impact on the NPS in 2018 were punctuality, long-haul fleet renewal, the new Premium Economy cabin, the refurbishment of the Velázquez and Dali Premium lounges in T4 and the new features on the Iberia app. Factors causing a negative impact were the disputes affecting air traffic control in Europe, mainly in the spring, which led to the impairment of the usual punctuality rates.

Claims



In 2107, we rolled out a project to transform the way we managed claims, reviewing our entire process and developing a new tool to enable us to handle claims more efficiently.

Thanks to this project, although the number of claims rose, we managed to reduce claim settlement times and the average response time dropped from 21 days to under four days in the last quarter of 2018, which is an extremely good rate and something that our customers have noticed.

The increase in operational causes and disruptions such as air traffic control strikes and poor weather conditions, among other factors, were the main reasons for the greater number of claims received in 2018.



2018 in figures

Personnel

Personnel breakdown by group

Group Colectivo	Personnel at year end	Average age (years)	Average length of service (years)
National Ground	12.053	43,9	15,4
Pilots	1.317	45,3	16,5
Cabin Crew	3.309	43,4	17,3
Local staff abroad	277	45,5	12,8
Expatriates	12	40,8	15,3
TOTAL	16.968	43,9	15,8

Personnel breakdown by business area

Area	Ground	Flight	Total
Corporate	437		437
Air transport	1.115	4.626	5.741
Airports and cargo	8.009		8.009
Maintenance	2.781		2.781
TOTAL	12.342	4.626	16.968

Personnel evolution

	2016	2017	2018
	16.283	16.393	16.968
Indefinite contracts signed			586
of which conversion of temporary to indefinite			314

Personnel by contract type

	Nº of people
Indefinite regular timetable	11.251
Indefinite part-time	1550
Indefinite discontinuous	181
Indefinite irregular timetable	1.589
Seasonal	2.397
TOTAL	16.393

Minimum wage vs Iberia min. wage

Minimum wage*	10.302,60 €
Iberia minimum wage	14.783,43 €

Employees with temporary contracts enjoy the same fringe benefits as employees with indefinite contracts.

*Source: Real Decree 1077/2017, of 29 December, establishing the minimum wage for 2018.

2018 in figures

Diversity and equal opportunities

Gender diversity

	Women	%	Men	%	TOTAL	%
Senior Management	7	18%	32	82%	39	0%
Senior Managers and Technicians Group General administration body	419	49%	444	51%	863	5%
Support services	2.938	69%	1.341	31%	4.279	25%
Aircraft maintenance technical staff	407	9%	3.893	91%	4.390	26%
Técnico de Mantenimiento Aeronáutico	46	2%	2.238	98%	2.284	13%
Other	180	37%	307	63%	487	3%
Total Ground	3.997	32%	8.345	68%	12.342	73%
Pilots	75	6%	1.242	94%	1.317	8%
Cabin crew	2.307	70%	1.002	30%	3.309	20%
Total Flight	2.382	51%	2.244	49%	4.626	27%
TOTAL GENERAL	6.379	38%	10.589	62%	16.968	100%

Personnel age pyramid by gender

	Women	Men	Total	% Women	% Men
<30	526	1.218	1.744	30%	70%
30-50	4.036	6.147	10.183	40%	60%
>50	1.817	3.224	5.041	36%	64%
TOTAL	6.379	10.589	16.968	38%	62%



The salaries of employees covered by collective bargaining agreements are set according to their professional rank, length of service and position, according to the aforesaid collective bargaining agreements. The wages of employees not covered by collective bargaining agreements (management, senior staff) are negotiated between the company and the employee, following criteria of specialisation, experience and duties.

In all cases, discrimination on grounds of sex, race or any other criteria is avoided.



2018 in figures

Diversity and equal opportunities

Diversity in management positions

	Women	Men	Total
Chairman	0	1	1
Management Committee	1	8	9
Director	6	25	31
Senior Manager	13	40	53
Manager M1	48	69	117
Manager M2	42	78	120
Specialists	88	88	176
Total	198	309	507

Wage differences, categories not covered by collective bargaining agreements

	%*
Senior Manager	6,93%
Manager M1	-1,74%
Manager M2	-0,44%
Specialists	-8,32%

*% Average wage difference women/men

In 2018 Iberia commissioned a specialist external company to conduct a study on the competitiveness of the salaries of those of its employees not covered by collective bargaining agreements, and it was demonstrated it does not have a gender wage gap.

Number of employees signed up for Reduced Working Hours for Legal Guardians in 2018

	Women	Men	Total
Ground	813	473	1.286
Flight	1.078	501	1.579
Cabin crew	1.056	280	1.336
Pilots	22	221	243

To promote childbirth and protect maternity, paternity and care of the elderly, Iberia applies reduced working hours for legal guardians; 2,865 employees signed up for this option in 2018, a figure which was very similar to the previous year.

Percentage of union membership through payroll deductions

Ground	61,46%
Cabin crew	34,72 %
Pilots	100 %

2018 in figures



Diversity and equal opportunities

Combatting discrimination and harassment



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

Diversity and Inclusion Plan



At Iberia, we are working on bringing together in the single document the Equality Plans of the three groups, Ground, Pilots and Cabin Crew. The primary objectives of the Equality Plans are: to support and promote policies designed to prevent discrimination due to gender in the areas of recruitment, promotion and remuneration; to improve and promote the presence of women in the groups where it is lower; to strengthen the zero tolerance policy regarding any type of sexual harassment or mobbing, as well as to resolve any disputes with the greatest possible speed and to put in place measures to support people who are victims of gender-based violence.

Iberia wanted to give an even greater boost to diversity and inclusion, a key strategic element. In 2018, a study was conducted which included a diversity audit and a series of interviews with the members of the Management Committee, which led to the launch of the Diversity Plan. It is based on three pillars: Awareness, Leadership Accelerator and Diversity Facilitators, all with the goal of encouraging female talent so that more women achieve management positions. All these policies have had an effect on the current situation of the organisation, although it is necessary to keep on developing lines of work to highlight the valuable contribution made by diversity for the teams and for the company. In 2019, the Diversity Plan has evolved at Iberia to become the Diversity and Inclusion Plan.

Plan person@

This plan was created in 2018 with the goal of bringing together under one umbrella all the present and future initiatives launched by the company and aimed at employees. It is committed to growing and evolving, focussing on people and on the value they contribute to the company. This is intended for all those who are part of Iberia, although each of the actions which comprise it has a different scope depending on position and role. It includes: training for new technologies and tools, health programmes, recognition (25 years at the company and "Iberia people of the month"), fostering the Vive Iberia employee club and intergenerational events (Iberia en Familia), the development programme (mentoring), and the fostering of ideas being generated (Iberia Lab), among other initiatives.



2018 in figures

Diversity and equal opportunities

People with disabilities

Pursuant to current laws and regulations, Iberia must hire a number of workers with disabilities equivalent to not less than 2% of its total headcount. Owing to the company's complex productive nature, it is especially difficult to incorporate workers who have disabilities in sufficient number to meet that quota, so the company meets its legal obligation through the alternative measures stipulated in law.

In both cases Iberia guarantees compliance through its collaboration with the Envera Association and its special employment centres. This association was created in 1977 by Iberia employees with children with special needs, and the association's activities are explained later in this report.



envera.
 COMPROMETIDOS CON
 LA DIVERSIDAD FUNCIONAL

Health and Safety



The Prevention Plan is the tool facilitating the integration of prevention at the company and lays down the necessary procedures to perform preventive activities and include them in the different management areas.

At Iberia, there are work centres where different companies are present, and it is therefore necessary to strike a suitable balance between worker safety and flexibility in applying the occupational risk prevention plans. A key element to manage prevention programmes is that of coordinating business activities.

In 2018, AUDELCO awarded Iberia the Occupational Risk Prevention System Certificate following a favourable audit pursuant to article 30 of the Prevention Services Regulation.

Iberia subjects its prevention system to an audit on a four-yearly basis, in accordance with article 30 of the Occupation Risk Prevention Act and the Prevention Services Regulation.

2018 in figures



Diversity and equal opportunities

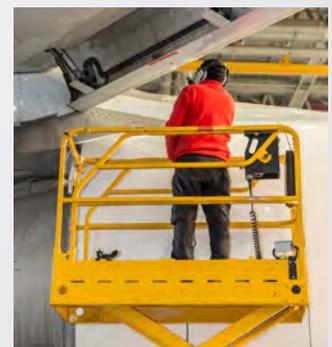


Nº occupational health and safety committees	19 committees + 1 Inter-centre Committee
Nº prevention officers	88 (70 POs with committee + 12 POs without committee + 6 inter-centre POs)
% workers represented on committees	100%
% absenteeism rate due to occupational accidents	0,60% Tot. Iberia; 0,74% Tierra; 0,23% Vuelo
% accident rate compared to 2017	-3,22%
Economic sanctions for breach of prevention laws	6

	Men	Women
Number of days lost due to occupational accidents or commuting accidents Número de días de baja por accidentes laboral	22.417	14.058
Number of fatal accidents	0	0
Number of serious accidents	1	1
Number of minor accidents	716	311

Occupational Hazard Prevention Training 2018

Number of courses	272
Number of students	14.057
Hours of OHP training per employee	1,7



2018 in figures



Training

-  In 2018 our Trainers School continued its activities, training the 71 professionals who joined the initiative. In addition, 41 trainers continued to develop and update their skills at the Trainers School. Overall, more than 1,400 training hours were received.
-  New initiatives in 2018 were the workshops implemented to reinforce key behaviours for leadership profiles and professionals at our company, with 315 participants.
-  A total of 5,957 employees from all areas participated in training on diversity and 1,280 in cybersecurity courses.
-  Skill development in e-learning format remained strong, with more than 3,500 hours devoted to subjects such as leadership and negotiation techniques.
-  With the aim of improving and standardising this training, the Learning Handbook was created.

Average number of training hours by job category

Pilots	47,48
Cabin crew	16,62
Ground staff	33,22
Airports	28,15
Maintenance	58,74
Corporate	13,65



945
 different training programmes and
12.620
 different training groups.



The percentage of e-learning rose by 37% compared to 2017, while the volume of in-person training and on-the-job training remained the same.

2018 in figures



Recruitment and talent



Recruitment

There were 232 recruitment processes held in 2018, 20% more than the previous year. Individual vacancies handled externally increased by practically 50% compared to 2017. This greater volume is due above all to the need to incorporate new crew members (pilots and cabin crew) to cover the increase in our flight plan. These results are coherent with the company's growth.



Talent

We periodically carry out performance and talent appraisals for all employees who hold key positions in the company and for those under the ground staff collective agreement. Employees with the flight group also receive evaluations and ongoing feedback on their onboard professional performance. Taking into account the result of these periodic assessment processes, decisions are made related to the succession, promotion and development of our professionals, through career plans, participation in internal recruitment processes (job posting), high potential programmes and mentoring, etc.



Grants

Iberia is committed to young talent and to training for their incorporation into the job market, through postgraduate grants for recent graduates, associated with projects from our businesses. In 2018, we gave this opportunity to 42 young graduates.



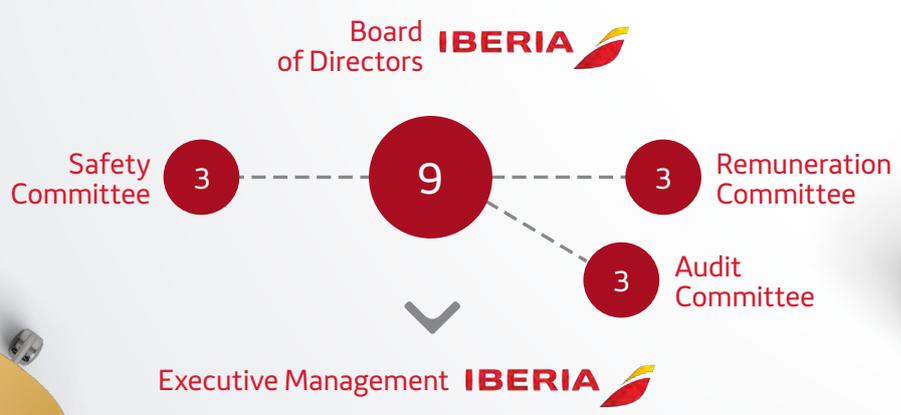




Governance and stakeholders

- IAG—Iberia governance structure
- Stakeholders
- Business risk management
- Ethics and integrity
- Internal and external audit
- Regulatory compliance committees
- Rules on anti-competitive behavioura
- Anti-corruption policy
- Responsible procurement

IAG-Iberia governance structure



IAG–Iberia

governance structure

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 conducting business, as well as promoting and supervising management and fulfilment of the targets set.

The many duties of the Boards of Directors of both IAG and Iberia include approving the business plan and annual budgets, the 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, directly or using reports compiled by the Audit Committees.

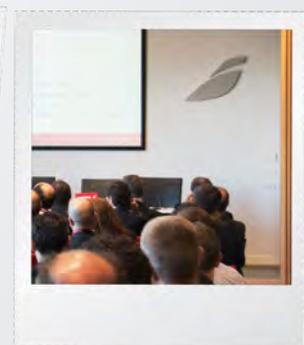
The Board of Directors takes note of and approves the Corporate Responsibility report, after reviewing it and presenting it to the Management Committee.

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.

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



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



Stakeholders

Enhancing the relationship with our stakeholders is one of the goals of the **Sustainability Plan** that the company is developing.



Breakdown	Goal	Communication Channels	Materiality Analysis
Customers	Airline customers, airport services and aircraft maintenance.	<ul style="list-style-type: none"> - Commercial communications. - Customer services offices. - Iberia.com - Social networks. - Call centres. - Claims management. - Events. 	<ul style="list-style-type: none"> - Interviews with key customer service managers. - Claims analysis.
	Airline associations and alliances.	<ul style="list-style-type: none"> - Direct participation in these associations. - Working groups. 	<ul style="list-style-type: none"> - IATA materiality analysis.
Society	Media and society in general..	<ul style="list-style-type: none"> - Social networks. - Press releases. - Corporate website. - Interviews and meetings with journalists. - Institutional relations. 	<ul style="list-style-type: none"> - Interviews with External Communications managers. - Centre for Sociological Research studies. - Merco and Madrid - Excelente analysis
	Environmental	<ul style="list-style-type: none"> - IAG Annual Report. - Iberia's CR Report. 	<ul style="list-style-type: none"> - Applicable legislation. - External audits. - Internal and external materiality results.
Regulator	NGOs and social organisations.	<ul style="list-style-type: none"> - CSR Communication Channel. - Corporate website. - Associated NGOs. - Volunteering information (Intranet). 	<ul style="list-style-type: none"> - Analysis of requests from NGOs and foundations.
	Public administrations, AENA, Civil Aviation, ICAO, IATA, national and local governments	<ul style="list-style-type: none"> - Working groups. - External audits. - Specific announcements. 	<ul style="list-style-type: none"> - Key aspects of applicable regulations.
Employees	Employees	<ul style="list-style-type: none"> - Internal communication channels. - Regular meetings between managers and employees. - Whistleblowing channel. - Suggestions box. 	<ul style="list-style-type: none"> - Internal materiality survey. - Workplace climate survey.

The relationship between IAG and shareholders is key for the Iberia Group. That is why 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.

Breakdown	Goal	Communication Channels	Materiality Analysis
Suppliers Suppliers and subcontractors	Guarantee transparent recruitment processes and maintain a relationship that adds value to all parties. Establish and promote responsible purchasing criteria.	- Suppliers' management systems.	- Interviews with service procurement managers
Accionistas - IAG Group shareholders. - Market analysts.	Transparently transmit all relevant corporate and financial information. Fulfil corporate governance obligations.	- Shareholder and investor relations office. - Shareholders' Meeting. - Board of Directors. - Quarterly and annual reports. - Market presentations. - IAG website.	- Responsible investment criteria. - Key issues addressed in the Shareholders' Meeting. - Corporate Governance functions, dependent on the Board of Directors.



Business risk management



One of Iberia's priority goals is to identify the most significant risks to the company and assess their financial impact, likelihood and time horizon. This is done by the IAG Audit and Compliance Committee and the Iberia Audit Committee, set up in 2017, pursuant to applicable regulations.

The main duties of these are to:

- (I) Supervise the effectiveness and periodically review the internal control systems, internal auditing and risk management systems in the group companies;
- (II) act as a communication channel between the Board of Directors and external auditors;
- (III) voice opinions about its independence; and
- (IV) supervise the compilation and presentation of mandatory financial information.

Through its management, control activities are implemented in order to reduce or eliminate the impact of risks and achieve the goals set. In addition, the Iberia Audit Committee coordinates its activity with the IAG Audit and Compliance Committee.



Ethics and integrity



Iberia has a General Code of Conduct, which regulates the conduct of Group 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, actions, services or advice that they take, perform or provide on behalf of Iberia.

The directors' obligations are defined in the Board of Directors Regulations and in the IAG and Iberia Corporate Bylaws. The Annual Report analyses the compliance thereof.

In 2018, as in the previous year, no conflicts of interest were detected in the performance of duties of the Iberia Board of Directors or its Management Committee.

IAG has a Supplier Code of Conduct, which is applicable to the supply of any goods and/or services to either IAG or any IAG Group company.



Internal and external audit



The transparency requirements of the securities markets are an important issue for providing security regarding the reliability of financial information. For this reason, and as set out in the financial reporting internal control policy, Iberia has monitoring systems in place 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 IAG Audit and Compliance Committee, the Iberia Audit Committee, senior management and the personnel involved.

Regulatory compliance committee



Several tools are made available by the Iberia Group to employees to get advice and resolve any issues they may observe.

There is also a grievance mechanism handled by an external service provider to guarantee total confidentiality.

All the reports made are analysed and the Regulatory Compliance Committee, consisting of senior managers of the company, is informed in order to review them and take decisions.

The company performs an internal audit on an annual basis on the compliance offence prevention model, which ensures the model is always up to date.



Rules on anti-competitive behaviour



The programme for complying with anti-competitive behaviour rules are based on a specific IAG risk matrix. Implementation of the programme is assured via the commitment of senior management 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 its manual on compliance with competition rules and the development of specific guidelines, training initiatives, internal reporting/whistleblowing channel and process monitoring.

Anti-corruption policy

We integrate our fight against corruption and bribery in the crime prevention programme.



The programme is a series of measures for preventing, detecting and reacting to possible crimes set out in the Spanish Penal Code.

In addition, it is a commitment to permanently monitor and penalise unethical behaviour and to maintain effective mechanisms for informing and raising the awareness of all employees to foster a preventive culture.

In order to comply with the company's anti-corruption policy and internal regulations on Regulatory Compliance, Iberia regularly carries out due diligence processes (finding and analysing information) on third parties linked to it.

In particular, these check the suitability of tender bidders and business intermediaries, according to various criteria. In 2018, 103 *due diligence* processes were conducted.

Responsible procurement

Procurement and outsourcing management at Iberia is managed by IAG Global Business Services (IAG GBS) which, in line with Iberia's goals, is regulated by internal procedures.

The tender process includes a survey that assesses Corporate Social Responsibility (CSR) aspects and labour policies and regulation, reviewed by the outsourcing area.

The process monitors the clauses related to confidentiality, industrial property, data protection, labour commitment, environmental commitment, the UN Global Compact and regulatory compliance.

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

The clauses on the UN Global Compact require all suppliers awarded service contracts 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 promote the development and diffusion of the most environmentally friendly technologies.
- ✓ Foster any necessary initiatives to promote greater environmental responsibility.

IAG GBS continued progressing in health and safety and the environment in 2018 by conducting audits and working with suppliers to be leaders in safety through training and local programmes.





Sustainable operations



Corporate Social Responsibility Strategy



The value of sustainability



Initiatives joined



Main social projects



Main environmental projects



Environmental indicators



Corporate Social Responsibility Strategy

We as a company are committed to the Sustainable Development Goals (SDGs) approved by the United Nations in 2015 and we develop initiatives that directly or indirectly contribute to achieving all of them, although we focus particularly on the following: SDG 3 Good Health and Well-being, SDG 5 Gender Equality, SDG 8 Decent Work and Economic Growth, SDG 10 Reduced Inequalities, SDG 12 Responsible Production and Consumption, and SDG 13 Climate Action.

Our main environmental goal is to achieve efficient and sustainable growth, meeting the target set by IATA to increase fuel efficiency by 1.5% per year.

In the social environment, we focus our efforts on supporting disadvantaged children and children's health, assistance in humanitarian emergencies in destinations to which the company operates flights and integration of groups at risk of exclusion.



The value of sustainability

Sustainable activities create a value shared by the company and society. They improve the competitiveness of the company whilst at the same time they help to improve the financial, social and environmental conditions in the communities in which it operates.

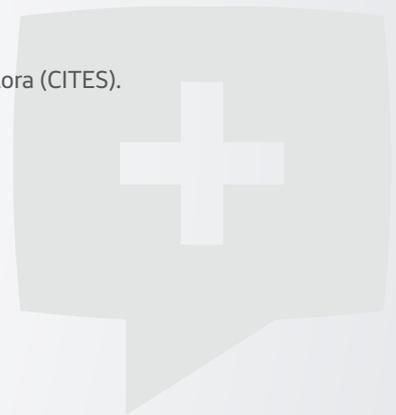
In order to measure the value of Corporate Social Responsibility in the company, Iberia has implemented the 'rsc2' measurement tool. This innovative tool has been designed thanks to a collaboration between Fundación Seres and McKinsey & Company, and allows both the financial return and the social impact of projects to be analysed.



Initiatives joined

Iberia is committed to the following national and international initiatives, which it uses as a permanent benchmark of its sustainability strategy:

-  United Nations Global Compact: Iberia takes part in the 'Responsible Tourism' working group along with another 13 companies from the tourism industry and which is coordinated by the Spanish network of the Global Compact.
-  United Nations Sustainable Development Goals.
-  The International Labour Organization's Fundamental Conventions.
-  The OECD's principles of good corporate governance.
-  Corporate programme for a society without gender-based violence from the Spanish Ministry of the Presidency, Parliamentary Relations and Equality.
-  The World Tourism Organization's Global Code of Ethics for Tourism.
-  Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
-  United for Wildlife Transport Taskforce Buckingham Palace Declaration.



Main social projects

Envera

We are actively involved with this entity, which each year attends to 1,500 people with functional diversity. It has 330 places in care services and provides jobs for over 400 people with a disability.

Fundación Envera, formerly known as APMIB, was created in 1977 by Iberia employees with children with special needs. It aims to protect and integrate people with physical, mental and sensory disabilities into society and the workplace through comprehensive support throughout their lives.

We have supported the work of Envera throughout the organisation's 40-year history. At the special workplaces run by Envera, the workers perform tasks such as packing the cutlery for our aircraft, document management and laundry, as well as managing the inventory of the aircraft component storage areas.



Ver vídeo



Mano a Mano



The NGO Mano a Mano, founded in 1994 by Iberia employees, develops projects in charity canteens, schools and hospitals in Spain and other countries, such as Guatemala, Cuba, Ecuador, Colombia, the Dominican Republic, Peru and Venezuela. In addition, this NGO takes advantage of the holds of the company's aircraft to send humanitarian aid to countries affected by natural catastrophes or wars.

Its commitment to disadvantaged people also led Mano a Mano to develop projects focussing on children's health. In 2018, Iberia facilitated transport for 16 children with serious illnesses who required urgent medical treatment. In addition, Iberia transported 11 tonnes of humanitarian aid destined for Peru, Cuba, Ecuador, the Dominican Republic, Guatemala and Colombia.



Ver vídeo

Fundación Sepla Ayuda

We collaborate with this foundation, linked to the pilots' trade union Sepla, in its goal of helping people in need, especially children, in areas such as food, education and healthcare. They develop educational projects in Equatorial Guinea, Guatemala, and Ecuador, and also Madrid.

Main social projects



Unicef

In 2018, Iberia, Unicef and Amadeus renewed our cooperation agreement for a further three years. The main objective of the agreement, which is based on micro-donations, is to raise funds to support vaccination projects and prevent illnesses such as measles, polio and whooping cough.

The project, which was launched in 2013, enables Iberia customers to make donations of between 3 and 20 euros when they purchase a ticket on the company's website.

In the five years the project has been running, it has raised more than 943,000 euros. This has helped to finance children's vaccination campaigns to fight polio in Chad, diphtheria, whooping cough and tetanus in Angola, and rubella, measles and mumps in Cuba. Overall, over 1 million children have been vaccinated in these campaigns.



Ver vídeo

In 2018, the money raised through donations to UNICEF from Iberia customers was used to give the MMR vaccination to 80% of Cuban boys and girls aged under 1 year old.

Make a Wish



Ver vídeo

Since 2001, we have been collaborating as the official transport company for Make a Wish Spain, an organisation devoted to making the wishes of seriously ill children come true, enriching their lives through unique and unforgettable experiences which help them to overcome negative emotions, such as fear, distress or loneliness. Over this period, we have contributed to making the wishes of over 280 children come true.

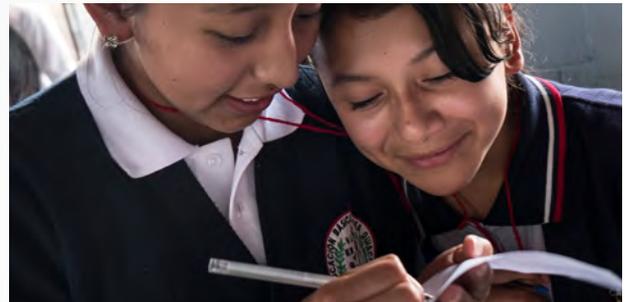


Main social projects

Save the Children

We support the work of Save the Children in its project 'Institutos Construyendo Paz', which teaches life lessons to children in secondary schools in Ciudad de Guatemala.

This programme, which has been achieving very positive results since it was set up in 2014, aims to reach 7,000 children and teenagers in the country.



Juegaterapia

Since 2016, we have sold more than 3,600 baby pelones dolls on board Iberia aircraft to support the fight against children's cancers both inside and outside Spain, as part of the activities of the Fundación Juegaterapia, which helps ill children through recreational projects in hospitals and funds research into cancer.



Fundación Integra

Iberia is a trustee of Fundación Integra, which supports women who have been victims of gender-based violence and fosters their integration into the workforce.

Since 2016, we have been offering job opportunities to this vulnerable group. We also carry out volunteer activities, holding training workshops for marginalised individuals and women who are survivors of gender-based violence, and we carry out social awareness-raising campaigns. Women executives at Iberia participate in the "Leadership for a job" programme. This initiative seeks to leverage the skills and experience of executives to use them to the advantage of people experiencing social exclusion, to help these individuals to find a job which can change their lives.

Also in 2018, Fundación Integra honoured us with a Special Mention for Human Resources, in recognition of the company's efforts to support people at risk of exclusion.



Main social projects



Ver vídeo

Organización Nacional de Trasplantes

We actively support the work of the Spanish national transplant organisation, the Organización Nacional de Trasplantes (ONT). We offer our resources to expedite and facilitate the transportation of organs to their destination, ensuring the survival of the organ and the viability of the transplant. Since 2003, we have transported more than 400 organs for transplants in our aircraft.

Support for Guatemala



In 2018, we worked with the Guatemalan government to mitigate the consequences of the eruption of the Volcán de Fuego volcano, which engulfed a number of communities in the central-southern region of the country.

We flew over a team from the firefighters' NGO Bomberos Unidos Sin Fronteras, which helped in the task of attending to the inhabitants affected and in searching for the missing.

We also transported a water treatment plant on a pro bono basis. Guatemala was the first destination in Central America Iberia flew to, over 50 years ago.



Dressed in pink to support the fight against cancer

We joined in with Day Against Breast Cancer and, in collaboration with the Spanish Anti-Cancer Association (AECC) and Solán de Cabras, we contributed to raise awareness among society about how important it is to prevent this illness. Our aircraft were dressed in pink, with touches of this colour inside the aircraft, and customers received pink bottles of water.



Main environmental projects

Fleet renewal

In 2018, we received five new aircraft, whose fuel consumption and environmental impact are considerably lower than the fleet they were replacing.

- ✈ There were two units of the Airbus A320neo, an aircraft for short- and medium-haul flights, which cut the sound footprint by 50%, NO_x emissions by 50% and fuel consumption by 15%.
- ✈ There was one unit of the Airbus A330-200, used on long-haul international routes, with kerosene fuel consumption savings per aircraft of 15%.
- ✈ The two units of the Airbus A350-900 are used for long-haul routes and achieve fuel savings of 25%. The first aircraft was delivered using biofuel made from sugar cane, which boosts reductions in emissions by up to 30%.

 At the end of the year, our fleet had an average age of **10,79 years**.



Fuel efficiency

In 2018, we continued developing and implementing additional measures to reduce fuel consumption and, consequently, CO₂ emissions. Several of these measures we carry out with the participation of the Fuel Efficiency Support Group (GSEC) of the Operations Department, made up of volunteers who are pilots from the different fleets, whose objective is to implement best practices to save fuel. In 2018, the implementation of this type of operations prevented the emission of 7,208 tonnes of CO₂.

Other measures to reduce emissions

Another of the measures to trim fuel consumption is a reduction in the use of the APU (Auxiliary Power Unit) which is utilised to supply the aircraft with the necessary energy to start up, fostering use of ground facilities to the greatest extent possible.

Other measures that also make it possible to reduce consumption include optimisation of the fuel management system, the search for optimum flight level through the Nimbus system, optimisation of fuel to the alternative through improvements in the alternative nearest airport policy, and the reduction in fuel planned for use by the APU on the ground.



Main environmental projects

Recycling of catering waste →

In October 2018, we began to implement the LIFE Zero Cabin Waste project, which aims to create a sustainable management model for waste from the aircrafts' catering service. The initiative, which will be developed until December 2019, is led by Iberia and includes the participation of Biogas Fuel Cell (BFC), ESCI-UPF, Ecoembes, Ferrovial and Gate Gourmet.

Thanks to its implementation, we will succeed in recycling 80% of the waste generated in the cabins during our flights, and thus avoid emissions of 4,340 tonnes of CO₂ a year, equivalent to the emissions of 340 flights between Madrid and Barcelona.

Another of the keys of the initiative is that it can be replicated by other European airlines. According to the International Air Transport Association (IATA), each year around 5.7 million tonnes of waste are generated in aircraft cabins, and therefore achieving a universal model would significantly optimise how it is managed. Another of the goals of the LIFE Zero Cabin Waste project is to produce a guide containing the main guidelines to follow in managing aircraft catering waste.



ZERO CABIN WASTE
LIFE15ENV/ES/000209



PROJECT
CO-FUNDED BY THE
EUROPEAN UNION
THROUGH THE
LIFE PROGRAMME

'Green' approaches at Heathrow Airport

Since 2013 Iberia has been applying the Continuous Descent Approach (CDA) procedure, also called the green approach, for approaches to Heathrow airport. A CDA is a procedure through which the aircraft follows a continuous descent path, with minimal flight stabilisations.

With this technique, air emissions, fuel consumption and noise levels are reduced. In 2018, we achieved an improvement of 7% in approaches and more than 85% of our flights used this procedure at Heathrow Airport.



Innovation in ground equipment

Another of the areas where we are working with the goal of reducing fuel consumption and emissions into the atmosphere relates to the equipment we use on the ground. We have two projects under way:

- ✈ Catalyser. A device is installed which facilitates cleaner combustion of the fuel, which reduces emissions of pollutant gases and increase engine power. Its efficiency has been confirmed after one year of use.
- ✈ Telemetry. We are incorporating geolocation devices into the ground equipment fleet to gain efficiency in terms of fuel consumption and emissions and ensure the safety of operations at airports.

Main environmental projects



Less plastic



As a demonstration of our commitment to caring for the environment, we have implemented a series of initiatives to reduce waste generated when attending passengers during flights and in the Premium Lounges of Adolfo Suárez Madrid-Barajas Airport.

On flights, the plastic bag which used to hold Business class earphones has been replaced by a paper band. This small gesture represents a reduction of 436,000 bags and savings of 1,500 kg of plastic a year.

In the Premium Lounges in Madrid, plastic packaging was replaced with returnable glass solutions, and suppliers were requested to avoid wrapping individual items for certain products. All this is going to mean an annual reduction of almost 1 million cans (23.5 tonnes) and 200,000 plastic containers (6,500 kg).

In addition, over half of the old furniture from the Dalí Premium lounge, which was recently renovated, was reused or donated to non-profit organisations.



Energy saving at facilities

To improve efficiency in power consumption, we replaced conventional lighting with a LED system at the cargo terminal in Madrid and the engine workshop. In 2018, this change affected 665,180 KWh at the cargo terminal and 2,679,979.07 KWh at the workshop facilities.

Main environmental projects



Protecting species in danger of extinction

We collaborate to protect species in danger of extinction. We have been committed to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) since 1986, and therefore we do not agree to transport these species. We also provide support for various institutions and actively participate in returning animals which have been illegally removed from their natural habitats.

In addition, as a member of the IAG Group, Iberia has joined the United for Wildlife Transport Taskforce Buckingham Palace declaration. It aims to reduce the levels of trafficking of animals in danger of extinction through improving the exchange of information between customs authorities and airlines, as well as to increase awareness among customers and employees.



Environmental management

In 2018, we made progress in certification and compliance with international environmental criteria:

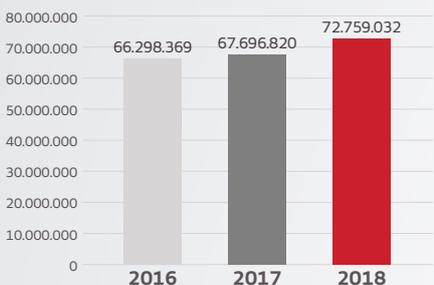
- The company verified its CO₂ emission monitoring and notification system in its intra-European and ground (industrial areas) operations with Aenor.
- The Iberia fleet complied with the international environmental standards of the International Civil Aviation Organisation (ICAO) on noise emissions and air quality below an altitude of 900 metres in the vicinity of airports.
- The environmental management strategy of the ground operations is based on internal systems, others which are externally certified and specific procedures which cover 100% of its activities that are linked to the environment.
- The airport services have achieved Aenor certification for their integrated quality system (standard ISO 9001) and environmental system (ISO 14001). It covers the activity of the 29 plus stations on the Spanish national airport network.

An important part of the company's environmental strategy is transparency, and this is why we have calculated and audited the carbon footprint of flight operations in 2018 in accordance with standard UNE-EN ISO 14064-1.

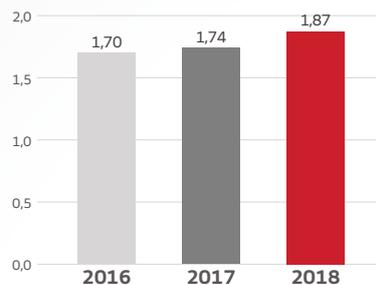
Environmental indicators



Total internal energy consumption (Gj)



Reactor fuel Iberia e Iberia Express aircraft (millions of tonnes)

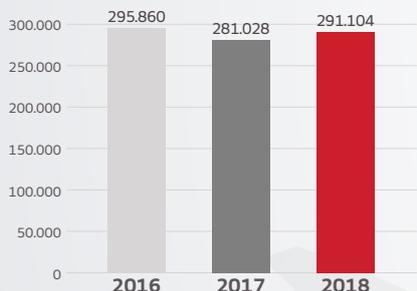


The figure for Iberia operator in 2018 is 1.68 million tonnes.

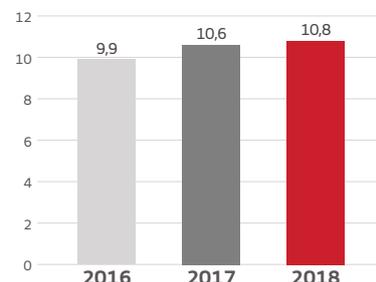


98.9% of energy is consumed in flight operations, which use aviation kerosene (Jet-A1) as fuel, whose economic and technical advantages to date have made the use of alternative options unfeasible. The rest of the energy (1.1%) is consumed in ground operations.

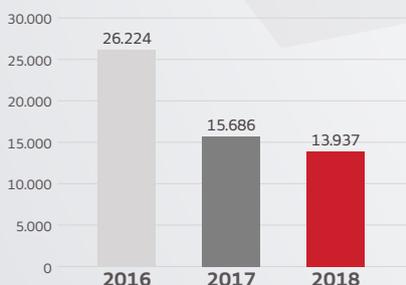
Total electricity consumption (Gj)



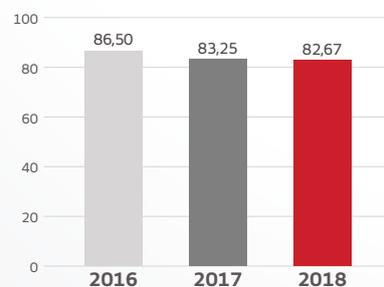
Average age of fleet (years)



Energy consumption outside the organisation - Catering activities (Gj)



Energy intensity of flight operations (gCO₂/per passenger - km carried)



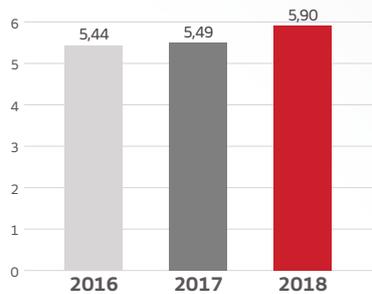
The energy consumed outside the organisation, allowing for the energy used in catering services, totalled 13.937 Gj. The type of fuel accounted for is type A diesel, used in the movements of catering vehicles. Consumption has been reduced in recent years thanks to the application of the multileg system, which makes it possible to optimise the number of trips in trucks to the aircraft.

The energy intensity of flight operations is measured in grams of CO₂ emitted per passenger - kilometre carried. The calculation to work out this figure uses the litres of fuel consumed by the company, converted first into kilograms and then into emissions (1 kg of kerosene is equivalent to 3.15 kg of CO₂), which in turn is divided between the production data. In 2018 Iberia recorded energy intensity of 82.67 g of CO₂ per passenger-kilometre carried, 7.76 % less than 2014, which is deemed to be the baseline year. The average annual reduction of the last four years is 1.94%.

Environmental indicators



Scope 1 direct GHG emissions (millions of tonnes of CO₂ e)

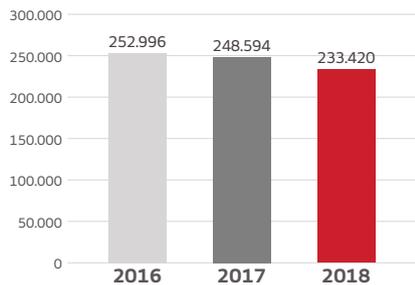


**Iberia and Iberia Express Data*

The increase in direct emissions in 2018 was due to the increase in flight operations and the number of aircraft. The figure corresponding to Iberia operator in 2018 is 5.297 million tonnes of CO₂ in flight and ground operations.

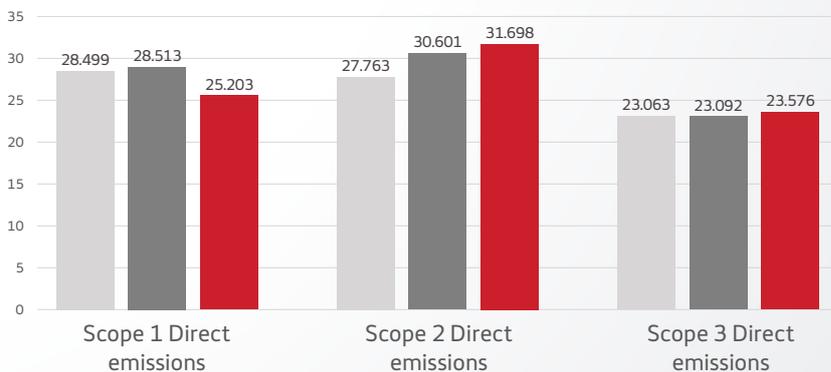


Water consumption (m³)



Total water consumption was reduced by 6.1% in 2018 compared to the previous year, mainly as a result of savings policies implemented, such as changes in working models and awareness campaigns conducted among employees.

Ground emissions (tonnes of CO₂)



**The source of the data on emission factors which are taken to perform the CO₂ emissions calculations is the National Commission on Markets and Competition (CNMC).*

**Erratum: the data for 2016 and 2017 published in the 2017 Sustainability Report were non-consolidated data and the emission factor data used for the calculation were from the previous year.*

2016 2017 2018

- Direct emissions (Scope 1). These are emissions from boilers and diesel and natural gas generators, as well as emissions produced by diesel vehicles when they perform aircraft handling tasks. They fell by 11.6% in 2018 due to the replacement of diesel boilers and generators and the increase of the fleet of electric vehicles owned by Iberia.
- Indirect emissions (Scope 2). These are emitted in the production of the electricity which is consumed at the company's facilities. They increased by 3.5% (see 8.1 Overview of Consumption /Internal energy consumption) due to greater consumption of electrical energy and the Spanish energy mix.
- Other indirect emissions (Scope 3). These are produced by the catering services and transport of employees to the workplace. They increased by 2% due to the increase in the workforce.



Chairman's
Statement



Iberia
company profile



Governance and
stakeholders



**Sustainable
operations**



Materiality



Appendix - GRI
Content



Environmental indicators



✈ Local air quality

The standards for emissions of gases such as nitrogen oxide (NO_x) and noise are set by the International Civil Aviation Organisation (ICAO), which is responsible for establishing the maximum emissions of these gases and noise levels for aircraft.

- ✈ 100% compliance with OACI (CAEP 1 and 2) NO_x standards.
- ✈ 100% compliance with the good practices set out in CAEP4.
- ✈ Although the most restrictive standards in CAEP 6 and CAEP 8 do not apply to the company's aircraft engines, their level of compliance was analysed as an exercise in good practices, achieving 85% and 32%, respectively. This percentage is expected to rise in forthcoming years as the new A-350 and A-320 NEO fleet is introduced.

✈ Noise

- ✈ 100% compliance with the noise standard defined in CAEP 3.
- ✈ 100% of the fleet complies with CAEP 4.
- ✈ 28% compliance with new standard CAEP 14.

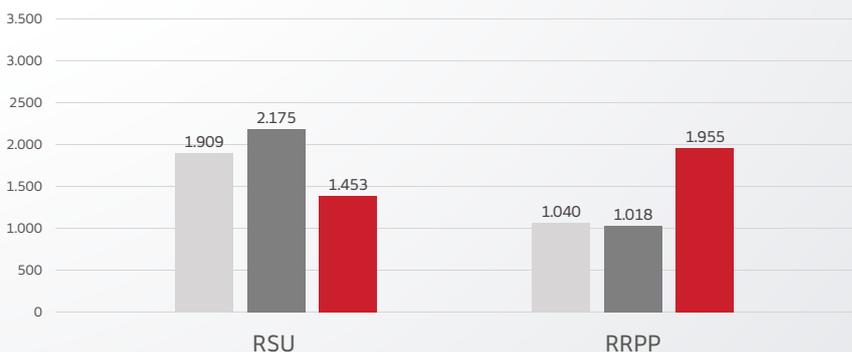


To mitigate the impact of the noise of operations, we comply with the operating procedures laid down by the Spanish civil aviation authorities, making limited use of auxiliary engines in airports, reducing the use of brakes by using the thrust reverse technique and following the routes established by air control for arrival and departure at airports.

✈ Effluents

The water used at Iberia's industrial facilities in Madrid is treated by the wastewater treatment plants (EDAR). In 2018, 96,215 cubic metres were discharged in an urban wastewater treatment plant which discharges into the River Jarama.

✈ Waste



Iberia produced 1,453.23 tonnes of solid urban waste, as a result of its activities in industrial areas, in airports and in handling cargo.

Hazardous waste amounted to 1,955.34 tonnes. This waste was handed over to authorised waste managers, which defined the method of elimination.

2016 2017 2018





Materiality



Material aspects
for each stakeholder

Material aspects for each stakeholder

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

Stakeholder	General Aspect	Specific Aspect	Section CR Report	
Customers	Airline customers, airport services and aircraft maintenance	Product responsibility	<ul style="list-style-type: none"> - Products and service categories where safety and health impacts are evaluated. - Customer satisfaction surveys. 	Iberia company profile> 2017 in figures > Financial results - Iberia company profile> 2017 in figures> Activity - Iberia company profile> 2017 in figures > Quality of service
		Economic aspects	<ul style="list-style-type: none"> - Iberia's economic performance. - Presence of the company in the market. - Development of investments and indirect economic impacts. 	2017 in figures > Financial results
		Employees	<ul style="list-style-type: none"> - Training programmes for employees. 	Iberia company profile>2017 in figures > Training
Airline associations and alliances	Environmental	<ul style="list-style-type: none"> - CO₂ emissions and other polluting emissions. - Spills and waste. - Our products and services. - Fines and penalties for environmental violations. 	Main environmental projects 2017 - Environmental indicators	
	Product responsibility	<ul style="list-style-type: none"> - Products and service categories where safety and health impacts are evaluated. 	Governance and stakeholders - Iberia company profile	
Society	Employees	<ul style="list-style-type: none"> - Employees (hiring, benefits, etc.). - Company/employee labour relations. - Composition of the workforce (diversity and equal opportunities). 	Iberia company profile>2017 in figures>- Training- Iberia company profile > 2017 in figures > Workforce – Iberia company profile>2017 in figures > Diversity and equal opportunities- Iberia company profile > 2017 in figures > People with disabilities	
	Media and society in general	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. 	Governance and stakeholders - Iberia company profile
		Economic aspects	<ul style="list-style-type: none"> - Iberia's economic performance. - Market presence of the company. - Development of investments and indirect economic impacts. 	2017 in figures > Financial results
		Environment	<ul style="list-style-type: none"> - Impacts of operations on biodiversity. - CO₂ emissions and other polluting emissions. - Effluents and waste. - Our products and services (environmental impacts). - Environmental assessment of suppliers. 	Main environmental projects 2017 - Environmental indicators



Stakeholder	General Aspect	Specific Aspect	Section CR Report
Sociedad NGOs and social organizations.	Society	<ul style="list-style-type: none"> - Centres with development programmes for the local community. - Evaluation of the social impact of suppliers. 	Sustainable Development > Main social projects 2017
	Human Rights	<ul style="list-style-type: none"> - Agreements and contracts containing Human Rights clauses and employee training in this matter. - Operations and suppliers at risk in terms of child labour. 	Governance and stakeholders > Human rights
	Employees	<ul style="list-style-type: none"> - Composition of the staff (diversity and equal opportunities). 	Iberia company profile > 2017 in figures > Diversity and equal opportunities
Regulator Public administrations, AENA, Civil Aviation, ICAO, IATA, national and local governments	All	<ul style="list-style-type: none"> - 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 in relation to the provision and use of the company's products. 	Various
Employees Employees	Employees	<ul style="list-style-type: none"> - Employees (hiring, benefits, etc.). - Company/employee labour relations. - Protection of employee health and operating safety. - Training programmes for employees. - Composition of the workforce (diversity and equal opportunities). 	Iberia company profile > 2017 in figures > Training - Iberia company profile > 2017 in figures > Workforce - Iberia company profile > 2017 in figures > Diversity and equal opportunities - Iberia company profile > 2017 in figures > People with disabilities - Iberia company profile > 2017 in figures > Health and safety - Iberia company profile > 2017 in figures > Recruitment and talent
	Corporate governance	<ul style="list-style-type: none"> - Company management. Decision-making system. 	Governance and stakeholders > IAG-Iberia governance structure
Suppliers Suppliers and subcontractors	Economic aspects	<ul style="list-style-type: none"> - Iberia's economic performance. 	2017 in figures > Financial results
	Environment	<ul style="list-style-type: none"> - Environmental assessment of suppliers. 	Sustainable operations
Shareholders IAG Group shareholders. Market analysts	Corporate governance	<ul style="list-style-type: none"> - Company management. - Decision-making system. 	- Governance and stakeholders > IAG-Iberia governance structure.
	Economic aspects	<ul style="list-style-type: none"> - Iberia's economic performance. - Market presence of the company. - Development of investments and indirect economic impacts. 	2017 in figures > Financial results
	Environment	<ul style="list-style-type: none"> - Energy consumption in the development of operations. - Water consumed and recycled. - Impacts of operations on biodiversity. - CO₂ emissions and other polluting emissions. - Effluents and waste. - Our products and services (environmental impacts). 	Main environmental projects 2017 - Environmental indicators
	Society	<ul style="list-style-type: none"> - Centre with development programmes for the local community. - Measures taken by Iberia to fight corruption. 	Sustainable operations > Main social projects 2017 > Governance and stakeholders > Anti-corruption policy





Appendix - Content

Global Reporting Initiative

GRI content index

For the Content Index Service, GRI Services has confirmed the GRI content index in the report is clear and that the references for each item of content included correspond to the indicated sections of the report. The service was performed on the Spanish language version of the report.



GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
ORGANISATIONAL PROFILE			
102-1	Name of the Organisation:	IBERIA, L.A.E., S.A. OPERADORA SOCIEDAD UNIPERSONAL	No
102-2	Primary brands, products, and services	Pages 13 and 17; IBERIA LINEAS AEREAS IBERIA AIRPORT SERVICES; IBERIA MANTENIMIENTO	No
102-3	Location of headquarters	C/ Martínez Villergas, 49 28027 MADRID (SPAIN)	No
102-4	Countries where the organisation operates	15	No
102-5	Ownership and legal form	SOCIEDAD ANÓNIMA UNIPERSONAL (Sole proprietor). It belongs to the shareholders of International Airlines Group (IAG)	No
102-6	Markets served	15	No
102-7	Scale of the organisation	15-17, 20, 21 and 24	No
102-8	Information on employees and other workers	24-29	No
102-9	Supply chain	41	No
102-10	Significant changes in the organisation and its supply chain	4, 5 and 8-11	No
102-11	Precautionary principle or approach	38	No
102-12	External initiatives	44-49	No
102-13	Membership of associations	18	No
STRATEGY			
102-14	Statement from senior decision maker	4 and 5	No
102-15	Key impacts, risks, and opportunities	35 and 38	No
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behaviour	12, 13, 39 and 41	No
102-17	Mechanisms for advice and concerns about ethics	40	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GOVERNANCE			
102-18	Governance structure	34	No
102-19	Delegating authority	34 and 35	No
102-20	Executive-level responsibility for economic, environmental and social topics	34 and 35	No
102-21	Consulting stakeholders on economic, environmental and social topics	35-37	No
102-22	Composition of the highest governance body	34 and 35	No
102-23	Chair of the highest governance body	Luis Gallego, executive chairman of Iberia	No
102-24	Nominating and selecting the highest governance body	34 and 35	No
102-25	Conflicts of interest	34, 35 and 38	No
102-26	Role of highest governance body in setting purpose, values, and strategy	34 and 35	No
102-27	Collective knowledge of highest governance body	35	No
102-28	Evaluating the highest governance body's performance	35 and 40	No
102-29	Identifying and managing economic, environmental, and social impacts	35 and 40	No
102-30	Effectiveness of risk management processes	38 and 40	No
102-31	Review of economic, environmental, and social topics	38 and 40	No
102-32	Highest governance body's role in sustainability reporting	35	No
102-33	Communicating critical concerns	34-38 and 40	No
102-34	Nature and total number of critical concerns	34, 35, 38, 40 and 41	No
102-35	Remuneration policies	Page 4 of the 2018 Annual Report On Remuneration Of Directors	 No
102-36	Process for determining remuneration	Page 4 of the 2018 Annual Report On Remuneration Of Directors	 No
102-37	Stakeholders' involvement in remuneration	Page 2 of the 2018 Annual Report On Remuneration Of Directors	 No
102-38	Annual total compensation ratio	Page 17 of the 2018 Annual Report On Remuneration Of Directors	 No
102-39	Percentage increase in annual total compensation ratio	Page 5 and 18 of the 2018 Annual Report On Remuneration Of Directors	 No

GRI Standard	Disclosure	Pages/Quick link	Omissions
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	36 and 37	No
102-41	Collective bargaining agreements	25, 26 and 45	No
102-42	Identifying and selecting stakeholders	36, 37, 60 and 61	No
102-43	Approach to stakeholder engagement	36, 37, 60 and 61	No
102-44	Key topics and concerns raised	36, 37, 60 and 61	No
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	IB OPCO Holding S.L. Iberia LAE S.A. Operadora Iberia Express Cargosur S.A. Cacesa Sociedad Auxiliar Logística Aeroportuaria Iberia Tecnología Iberia Desarrollo Barcelona Binter Finance Iberia Mexico, S.A.	No
102-46	Defining report content and the topic boundaries	60 and 61	No
102-47	List of material topics	60 and 61	No
102-48	Restatements of information	In preparing this Report, the materiality analysis completed in 2014 and revised in 2017 was taken into account	No
102-49	Changes in reporting	In preparing this Report, the materiality analysis completed in 2014 and revised in 2017 was taken into account. The report was prepared in accordance with GRI Standards	No
102-50	Reporting period	2018	No
102-51	Date of most recent report	2017	No
102-52	Reporting cycle	Annual	No
102-53	Contact point for questions regarding the report	responsabilidadcorporativa@iberia.es	No
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with GRI Standards: Comprehensive option	No
102-55	GRI content index	64 and 79	No
102-56	External assurance	This report has not been externally assured	No

Estándar GRI	Contenido	Páginas/Link respuesta rápida	Omisiones
Material Topics: Economic dimension			
GRI 201: ECONOMIC PERFORMANCE 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	20, 60 and 61	No
103-2	The management approach and its components	20, 60 and 61	No
103-3	Evaluation of the management approach	20, 60 and 61	No
201-1	Direct economic value generated and distributed	20	No
201-2	Financial implications and other risks and opportunities due to climate change	50-53	No
201-3	Defined benefit plan obligations and other retirement plans	20 and 21	No
201-4	Financial assistance received from government	20 and 21	No
GRI 202: MARKET PRESENCE 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	15, 60 and 61	No
103-2	The management approach and its components	15, 60 and 61	No
103-3	Evaluation of the management approach	15, 60 and 61	No
202-1	Ratios of standard entry level wage by gender at significant locations of operation compared to local minimum wage	26	No
202-2	Proportion of senior management at significant locations of operation that are hired from the local community	25	No
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	20, 60 and 61	No
103-2	The management approach and its components	20, 60 and 61	No
103-3	Evaluation of the management approach	20, 60 and 61	No
203-1	Development and impact of infrastructure investments and types of services	20	No
203-2	Significant indirect economic impacts and their scope	20 and 21	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 204: PROCUREMENT PRACTICES 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	41, 60 and 61	No
103-2	The management approach and its components	41, 60 and 61	No
103-3	Evaluation of the management approach	41, 60 and 61	No
204-1	Proportion of spending on local suppliers	100% of the acquisitions completed in countries with significant operations (Europe, America, Asia and Africa) go to local suppliers	No
GRI 205: ANTI-CORRUPTION 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	41, 60 and 61	No
103-2	The management approach and its components	41, 60 and 61	No
103-3	Evaluation of the management approach	41, 60 and 61	No
205-1	Total number and percentage and of operations assessed for risks related to corruption and the significant risks identified	41	No
205-2	Communication and training about anti-corruption policies and procedures	41	No
205-3	Confirmed incidents of corruption and actions taken	In 2018, 103 due diligence processes were conducted, although no cases of corruption were confirmed.	No
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	40, 60 and 61	No
103-2	The management approach and its components	40, 60 and 61	No
103-3	Evaluation of the management approach	40, 60 and 61	No
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	There has been no legal action for anti-competitive behaviour, anti-trust, or monopoly practices.	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
Environmental Dimension			
GRI 301: MATERIALS 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	41, 60 and 61	No
103-2	The management approach and its components	41, 60 and 61	No
103-3	Evaluation of the management approach	41, 60 and 61	No
301-1	Materials used by weight or volume	Iberia's core activity is selling seats/ flight hours	No
301-2	Recycled input materials used	Iberia's core activity is selling seats/ flight hours	No
301-3	Percentage of reclaimed products and their packaging materials for each product category	Iberia's core activity is selling seats/ flight hours	No
GRI 302: ENERGY 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	44, 60 and 61	No
103-2	The management approach and its components	44, 60 and 61	No
103-3	Evaluation of the management approach	44, 60 and 61	No
302-1	Energy consumption within the organisation	54	No
302-2	Energy consumption outside the organisation	54	No
302-3	Energy intensity	54	No
302-4	Reduction of energy consumption	54	No
302-5	Reductions in energy requirements of products and services	54	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 303: WATER 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	44, 60 and 61	No
103-2	The management approach and its components	44, 60 and 61	No
103-3	Evaluation of the management approach	44, 60 and 61	No
303-1	Water withdrawal by source	55	No
303-2	Water sources significantly affected by withdrawal of water	55 and 57	No
303-3	Water recycled and reused	55 and 57	No
GRI 304: BIODIVERSITY 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	44, 60 and 61	No
103-2	The management approach and its components	44, 60 and 61	No
103-3	Evaluation of the management approach	44, 60 and 61	No
304-1	Operational sites in protected areas and areas of high biodiversity value outside protected areas	Iberia's operations are not carried out in high biodiversity value areas	No
304-2	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Iberia's operations are not carried out in high biodiversity value areas	No
304-3	Habitats protected or restored	51 and 53	No
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Iberia's operations are not carried out in high biodiversity value areas	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 305: EMISSIONS 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	44, 60 and 61	No
103-2	The management approach and its components	44, 60 and 61	No
103-3	Evaluation of the management approach	44, 60 and 61	No
305-1	Direct (Scope 1) GHG emissions	54 and 55	No
305-2	Energy indirect (Scope 2) GHG emissions	54 and 55	No
305-3	Other indirect (Scope 3) GHG emissions	54 and 55	No
305-4	GHG emissions intensity	54 and 55	No
305-5	Reduction of GHG emissions	54-56	No
305-6	Emissions of ozone-depleting substances	54-56. The methodology (defined by OACI) is based only on LTO (Landing Take Off) cycles	No
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	54-56. The methodology (defined by OACI) is based only on LTO (Landing Take Off) cycles	No
GRI 306: EFFLUENT AND WASTE 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	44, 60 and 61	No
103-2	The management approach and its components	44, 60 and 61	No
103-3	Evaluation of the management approach	44, 60 and 61	No
306-1	Water discharge by quality and destination	57	No
306-2	Total weight of waste by type and disposal method	57	No
306-3	Total number and volume of the significant spills	No significant spills were recorded during the reporting period	No
306-4	Weight of transported, imported, exported waste	57	No
306-5	Water bodies and related habitats affected by water discharges and/or runoff	No water bodies or related habits were affected by water discharges.	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	40, 60 and 61	No
103-2	The management approach and its components	40, 60 and 61	No
103-3	Evaluation of the management approach	40, 60 and 61	No
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations ambiental	Environment-related spending in 2018 totalled 11.72 million euros. This amount is divided among environmental repairs and conservation (0.74 million euros), spending on workforce associated with environmental management (0.70 million euros), emission allowances (8.5 million euros), environmental tax (1.78 million euros)	No
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	41, 60 and 61	No
103-2	The management approach and its components	41, 60 and 61	No
103-3	Evaluation of the management approach	41, 60 and 61	No
308-1	Percentage of new suppliers that were screened using environmental criteria	41	No
308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	41	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
Social Dimension			
GRI 401: EMPLOYMENT 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	27, 60 and 61	No
103-2	The management approach and its components	27, 60 and 61	No
103-3	Evaluation of the management approach	27, 60 and 61	No
401-1	New employee hires and employee turnover, broken down by age group, gender and region	24-27	No
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by significant operation locations	24	No
401-3	Return to work and retention rates of employees who took parental leave, by gender	26	No
GRI 402: LABOUR/MANAGEMENT RELATIONS 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	60 and 61	No
103-2	The management approach and its components	60 and 61	No
103-3	Evaluation of the management approach	60 and 61	No
402-1	Minimum notice periods regarding operational changes and possible inclusion of these in collective agreements	23-25	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	28, 60 and 61	No
103-2	The management approach and its components	28, 60 and 61	No
103-3	Evaluation of the management approach	28, 60 and 61	No
403-1	New employee hires and employee turnover, broken down by age group, gender and region	29	No
403-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by significant operation locations	29	No
403-3	Return to work and retention rates of employees who took parental leave, by gender	All activities have appropriate prevention/protection measures.	No
403-4	Health and safety topics covered in formal agreements with trade unions	OHS aspects in Spain, including consultation and participation, are regulated by law	No
GRI 404: TRAINING AND EDUCATION 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	31, 60 and 61	No
103-2	The management approach and its components	31, 60 and 61	No
103-3	Evaluation of the management approach	31, 60 and 61	No
404-1	Average hours of training per year per employee, by gender and by employee category	30	No
404-2	Programmes for upgrading employee skills and transition assistance programmes provided to facilitate continued employability and the management of career endings	30, 31	No
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	31	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	27, 60 and 61	No
103-2	The management approach and its components	27, 60 and 61	No
103-3	Evaluation of the management approach	27, 60 and 61	No
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	25	No
405-2	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation	25	No
GRI 406: NON-DISCRIMINATION 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	27, 60 and 61	No
103-2	The management approach and its components	27, 60 and 61	No
103-3	Evaluation of the management approach	27, 60 and 61	No
406-1	Minimum notice periods regarding operational changes and possible inclusion of these in collective agreements	27, 60 and 61	No
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	60 and 61	No
103-2	The management approach and its components	60 and 61	No
103-3	Evaluation of the management approach	60 and 61	No
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	27	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 408: CHILD LABOUR 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	44, 60 and 61	No
103-2	The management approach and its components	44, 60 and 61	No
103-3	Evaluation of the management approach	44, 60 and 61	No
408-1	Operations and suppliers at significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour	38, 41, 44	No
GRI 409: FORCED OR COMPULSORY LABOUR 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	44, 60 and 61	No
103-2	The management approach and its components	44, 60 and 61	No
103-3	Evaluation of the management approach	44, 60 and 61	No
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	38, 41, 44	No
GRI 410: SECURITY PRACTICES 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	13, 60 and 61	No
103-2	The management approach and its components	13, 60 and 61	No
103-3	Evaluation of the management approach	13, 60 and 61	No
410-1	Security personnel who have received formal training in the organisation's human rights policies or procedures	41, 44	No
GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	60 and 61	No
103-2	The management approach and its components	60 and 61	No
103-3	Evaluation of the management approach	60 and 61	No
411-1	Total number of incidents of violations involving the rights of indigenous peoples and the actions taken	No violations were identified	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 412: HUMAN RIGHTS ASSESSMENT 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	44, 60 and 61	No
103-2	The management approach and its components	44, 60 and 61	No
103-3	Evaluation of the management approach	44, 60 and 61	No
412-1	Number and percentage of operations that have been subject to human rights reviews or human rights impact assessments	41, 44 No operations received this type of assessment	No
412-2	Hours devoted to training for employees on human rights policies and procedures concerning aspects of human rights that are relevant to operations	30, 41	No
412-3	Number and percentage of significant investment agreements and contracts that include human rights clauses	41	No
GRI 413: LOCAL COMMUNITIES 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	60 and 61	No
103-2	The management approach and its components	60 and 61	No
103-3	Evaluation of the management approach	60 and 61	No
413-1	Percentage of operations with local community engagement, impact assessments, and development programmes	38, 40, 41 and 44-49	No
413-2	Operational activities with a significant (potentially) negative impact on the local environment	51, 53	No
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	41, 60 and 61	No
103-2	The management approach and its components	41, 60 and 61	No
103-3	Evaluation of the management approach	41, 60 and 61	No
414-1	Percentage of new suppliers that were screened using social criteria	41	No
414-2	Significant negative actual and potential social impacts in the supply chain and actions taken	41	No

GRI Standard	Disclosure	Pages/Quick link	Omissiones
GRI 415: PUBLIC POLICY 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	60 and 61	No
103-2	The management approach and its components	60 and 61	No
103-3	Evaluation of the management approach	60 and 61	No
415-1	Value of political contributions, by country and recipient	No violations were identified	No
GRI 416: CUSTOMER HEALTH AND SAFETY 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	13, 60 and 61	No
103-2	The management approach and its components	13, 60 and 61	No
103-3	Evaluation of the management approach	13, 60 and 61	No
416-1	Significant product and service categories for which health and safety impacts are assessed for improvement	13-16, 22 and 23	No
416-2	Incidents of non-compliance with regulations concerning the health and safety impacts of products and services	23	No
GRI 417: MARKETING AND LABELLING 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	60 and 61	No
103-2	The management approach and its components	60 and 61	No
103-3	Evaluation of the management approach	60 and 61	No
417-1	Type of information required by the organisation's procedures for product and service information and labelling	13 The onboard catering service is managed by specific suppliers	No
417-2	Number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling	41	No
417-3	Incidents of non-compliance concerning marketing communications, including advertising, promotion, and sponsorship	No violations were identified	No

GRI Standard	Disclosure	Pages/Quick link	Omissions
GRI 418: CUSTOMER PRIVACY 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	60 and 61	No
103-2	The management approach and its components	60 and 61	No
103-3	Evaluation of the management approach	60 and 61	No
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2018, Iberia adapted to the European Data Protection Regulation. Following its alignment with the regulation, there have been no claims from customers about data privacy. Prior to alignment, there were no violations or information requests from the Spanish Data Protection Agency (AEPD). In addition, in 2018 there were no breaches of security involving the leaking of data of Iberia customers, employees, ex-employees or candidates	No
GRI 419: SOCIOECONOMIC COMPLIANCE 2016			
GRI 103: 2016 Management approach			
103-1	Explanation of the material topic and its boundaries	44, 60 and 61	No
103-2	The management approach and its components	44, 60 and 61	No
103-3	Evaluation of the management approach	44, 60 and 61	No
419-1	Monetary amount of significant fines for failing to comply with regulations regarding supply and use of products and services	There were no significant fines or non-monetary sanctions in 2018	No



IBERIA, L.A.E., S.A. OPERADORA, SOCIEDAD UNIPERSONAL
Calle Martínez Villergas, 49 - 28027, Madrid
Telephone 901 111 500
www.iberia.com/
grupo.iberia.es/portal/site/WebCorporativa/