

We do not present this report out of obligation, we do it out of conviction. Because being sustainable is an attitude, a necessity... it is our legacy. Today is already tomorrow and we are committed, because together we are all making Iberia sustainable *flying towards a better future.*

*Sustainability
Report
two thousand
and twenty one.*



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CHAP 01

Today I would like to talk to you
about one of the biggest challenges
we face at Iberia: ***sustainability.***

Javier Sánchez-Prieto, *Chairman of Iberia*



Together

we

make

Iberia
sustainable.



IBERIA
Cada día es el primer día

Nos renovamos
por fuera para
cambiar por dentro

*"Un uniforme no es solo un uniforme.
Es el símbolo que refleja a un
equipo lleno de compromiso,
profesionalidad y talento"*

Teresa Helbig. Diseñadora del uniforme.



Javier Sánchez-Prieto, Iberia's Chairman, talks to Marta Checa, a short- and medium-haul pilot; Jesús Almeida, a short- and medium-haul purser; Cristina Torquet, a key account manager; Clemente Rodríguez, an airport operations manager; Sofía Laraña, a scrum master from the transformation team; and, María Jesús Vázquez, a cargo operations manager, about sustainability actions in different areas of our company.

Javier—

Good morning, how are you all? Today I would like to talk to you about one of the biggest challenges we face at Iberia: sustainability. Regarding this, the company offers its continuous support to the United Nations Global Compact, and once again this year we have renewed our commitment to this initiative and its principles, and to the 17 Sustainable Development Goals (SDGs). As you know, we have defined a strategy that cuts across all areas and businesses, and to carry it out we need everyone's support. So, how do you understand this much-needed collective effort in order to move towards sustainability? How does it affect you in your daily work?

Jesús—

Yes, exactly, sustainability is only possible with a collective effort. We, the cabin crew, have great objectives that we know can be achieved with small daily actions and with the commitment of all of us. I remember when we launched the Zero Cabin Waste project, and we did an analysis and characterization of the waste we generated on our short- and medium-haul flights, and we designed an adapted the trolleys to properly separate the waste generated on board. The result was so interesting that in June 2019, we extended it to all flights operated by Iberia. Thanks to this project, we have managed to recycle more than 55% of our waste, and we hope to improve this result even further, as we are developing initiatives to reduce the use of plastics in business toiletry bags and a large part of the material used for the catering service.

Clemente—

At the airports we are renewing our service fleet to reduce emissions. The Mototok is an electric aircraft tug which produce 23 tonnes less of CO2 per vehicle per year, plus, we're also reducing noise.

Also, during last year we have carried out tests using electric equipment at Madrid, Malaga and Barcelona airports. These tests covered different brands and manufacturers specialising in GPUs, pushbacks, tractors and electric cargo platforms... with the aim of advancing the electrification of our Iberia airport services fleet, and hence, minimising environmental impact by reducing emissions and noise. This also improves working conditions, as the technology of this equipment is much easier to use and is much safer.

Marta—

For us pilots, the big news is the development and use of sustainable aviation fuels, which offers many advantages from a sustainability point of view compared to conventional fuels, as their carbon footprint can be up to 80% lower than that of traditional fuels. However, to be classified as “sustainable”, the fuels must meet strict sustainability criteria, determined by both the raw material used as well as the production process. By 2030, Iberia will operate 10% of its flights with these fuels.

In November 2021, in collaboration with Repsol, we completed the Madrid - Bilbao route with sustainable fuel produced from waste, reducing our emissions by 1.4 tonnes of CO₂. It was a very exciting day because we showed that sustainable flights are possible.

Cristina—

I remember seeing the news of that flight on tv! In our case, an interesting project to talk about here today is the installation of a self-consumption solar plant on the roof of one of the Iberia Maintenance buildings in La Muñeza. It is the largest installation of its kind in the Ibex 35: 10,000 square meters that generate 80 million kWh, which will reduce CO₂ emissions by 32,000 tonnes over the lifetime of the project.

Sofía—

It is really exciting to see how businesses are moving towards sustainability. It is well known that people of my generation are very sensitive to this issue, but I also feel that the commitment to sustainability is something that all Iberia employees, regardless of age, carry in our DNA. I remember how united we all felt the day we went to plant what we called the Iberia Forest, a small reforestation project located in Paracuellos del Jarama (near the airport in Madrid) an initiative driven by the employees of Iberia, which came about from the company's commitment to contribute to the well-being of the communities in which it operates, and also as a way of representing, at least symbolically, the company's interest in making progress in the fight against climate change. The Iberia Forest was also created as a recreational space for the people of the town that has traditionally been linked to the activities of the company.

M^a Jesús—

The whole effort to decarbonise our activities is very important, but at Iberia we also care about the social dimension of sustainability. At the Madrid Cargo Terminal we see many different types of goods passing through and we are aware that we can contribute a lot in emergency situations, because with our aircraft, we can transport humanitarian aid and people very quickly and efficiently. In this sense, we were very excited the day we sent UNICEF's humanitarian tents to help the emergency in Haiti. But we do not only do this in times of crisis. We also collaborate regularly with the NGO Mano a Mano by sending cargo of humanitarian aid for solidarity projects, mainly to our destinations in Latin America, taking books, computers, clothes, and hygiene products to those who need them most.

Javier—

Thank you all very much! Although the challenge is not easy, I have total confidence in the great team we have at Iberia. Step by step we are moving towards a more sustainable aviation and building a better future for our society. Together, we will succeed, because together we all make Iberia sustainable!





CHAP 02

An open book is shown from a top-down perspective, with its pages fanned out. The book's cover is a vibrant red, and the pages are white. The text is printed in white on the red background. The book is open, showing the edges of many pages, which are slightly curved and layered, creating a sense of depth and texture. The lighting is soft, highlighting the edges of the pages and the texture of the cover.

Iberia has been pioneering the publication of sustainability reports, since publishing our first Environmental Report in 1994.

*The
history
of*

*Iberia's
sustainability
reports.*

Iberia has been pioneering the publication of sustainability reports, since publishing our first Environmental Report in 1994. Since then, the format and content of the document has been adapting to the ever-increasing demand for information, as public interest of scientific knowledge continues to grow.

In the mid-1990s, the reports published by Iberia were merely technical (black and white pages stapled together into booklets) coordinated by the Fleet Planning & Economics Department, which included improvements that the company was adopting to reduce noise and make fuel more efficient. A small number of these reports were printed in hard copy and sent to public institutions and distributed exclusively at technical forums.

However, by the end of the 1990s, companies began including additional information on different environmental aspects in their reports, partly as a result of new environmental regulations from the European Union, and also because of the introduction of the ISO 14.001 Standard, which made it much easier for companies to comply with these regulations. Iberia began including information regarding its ground operations (at airports and aeronautical maintenance facilities). Industrial and wastewater management occupied a specific chapter in the reports at the time, something which has been maintained ever since. CO₂ as well as other emissions from aircraft engines that affected local air quality also started to be addressed.

It was important to improve the circulation of the report since public demand for this type of information was increasing. Iberia, through its recently created Environmental Unit, turned to the printing plant of Iberia's Employees' Association of Parents of Disabled People (now Envera), in order to increase the number of printed copies as well as printing them in colour, which substantially improved the quality of the document.

At the beginning of 2000 there was an increasing demand from the public for companies to provide more complete and integrated information. The idea of Corporate Social Responsibility (CSR) emerged, which required not only the need to report on environmental impacts but also on economic solvency, as well as on the different social actions that companies undertook as a way of giving back to society.

This comprehensive approach to communication required an international standard that, once externally audited, would allow companies to demonstrate their transparency and true commitment to CSR. This is when the Global Reporting Initiative (GRI) guide appeared, which was adopted by Iberia in 2002 becoming one of the first airlines in the world to use it. At this time, Iberia's Communication Department significantly improved the reports format and started to distribute them on pen drives to cut down on the number of copies printed, thus reducing waste. The content of the report also began to be coordinated within the IAG Group.

Finally, after 2015, the idea of CSR was reworked to become part of the concept of sustainability that defines, in alignment with the Sustainable Development Goals of the United Nations, the current structure of Iberia's Sustainability Report, which is coordinated and prepared by the Sustainability Department, that was created in 2019.

The Report is now published in digital format, leaving behind the old black and white booklets of the 1990s. Nevertheless, the people that prepare this document today take the same amount of pride as their colleagues more than 25 years ago, and each year strive to produce a more complete report, making it more attractive to investors, clients and generally, everyone interested in knowing about the politics of sustainably of Iberia.



CHAP 03



As ever, at Iberia we strive to excel and improve each day, driven by our own philosophy. We are never completely satisfied, and this helps us to understand what our next goal should be.

This is why we believe that the only way to get better is to work as though everything still has to be done. This is our attitude and our way of approaching our work so we can offer our best every day as if it was the first. Every day is like the first day. The motto that keeps us moving forward.



Every day

is like the first day.

The motto that keeps us moving forward.



CHAP 04

Building a responsible and safe organisation is not something that we take lightly; it is a characteristic that identifies us.



*Safety
in all
operations
is*

*our
commitment
to
excellence.*

For an organisation like Iberia which is committed to serving the public, the notion of safety, from a global, positive and human perspective - is a basic pillar.

It is a continuous process that horizontally affects all areas of the company and the entire organisation vertically. But, above all, it is a way of being and behaving. It's a philosophy that implements the newest and most sophisticated developments, whether in the field of technology, the interconnection of all processes and systems via internet, the understanding of the environment in which we operate, and the application of predictive programmes or projects especially aimed at prevention.

Customer safety is our top priority but needs to start from within, through continuous and individualised training and re-training programmes for our employees to maintain a team that is permanently prepared. The improvement of simulation programmes, the incorporation of the latest technologies and the development of action protocols, both by us and in collaboration with relevant authorities, are all part of our company's daily work.

Building a responsible and safe organisation is not something that we take lightly; it is a characteristic that identifies us and allows us to continuously improve processes and keeps us at the top of our game.

Furthermore, our commitment to investing in the best and most advanced technologies also has an impact on the efficiency of our operations and, therefore, on sustainability.





CHAP 05



Iberia continues to focus on innovation
and sustainability as priority objectives

About

Iberia.

Iberia's main activities which coincide with its corporate purpose, are as follows:

Air transport of passengers and cargo.

Assistance to both passengers and aircrafts at airports (airport services).

Aircraft maintenance, both our own and those of third parties.

Air transport. As a passenger and cargo carrier, Iberia is an operator with a wide network of routes, destinations and countries, operating mainly in the European market (with a strong presence in Spain, where it is a benchmark airline), America and Asia. It is a founding member of the Oneworld alliance, one of the three largest airline groups in the world (designed to maximise its offer to customers by providing greater coverage and network benefits), which allows for the globalisation of its air transport activities. The airline has a fleet of 72 aircrafts and serves 140 destinations in 50 countries in Europe, the Americas, Africa, the Middle East and Asia, as well as almost 300 additional destinations in 75 countries where it code shares with other operators. The company's main operating base is T4, at Adolfo Suárez Madrid–Barajas Airport.

Aeronautical maintenance. With regards to another of its main activities, Iberia Airport Services, provide a set of airport services known as Handling, serving more than 150 airline clients at 29 national airports. Handling activities include assistance to aircraft on the ramp, baggage sorting, loading and unloading of baggage from holds as well as runway services with a fleet of vehicles - push back, among others, as well as despatching flights.

Servicios aeroportuarios. En lo que respecta a otra de sus principales actividades, los servicios aeroportuarios también llamado Handling, Iberia Airport Services atiende a más de 150 aerolíneas clientes en los 29 aeropuertos nacionales en los que se presta servicio. Entre las actividades de Handling está la asistencia al avión en rampa, la clasificación del equipaje, la carga y descarga del mismo de las bodegas y el servicio en pista con el parque móvil –push back, entre otros, además del despacho de los vuelos.

IAG. IAG is one of the largest airline groups in the world and, despite having faced what has been described as the biggest aviation crisis of all time due to COVID-19, the group has managed to show its strength by overcoming its financial difficulties with the support of its own shareholders and without any direct state aid.


IAG is the parent company of Aer Lingus, British Airways, Iberia, Vueling and Level. It is a Spanish registered company whose shares are listed on the London and Spanish stock exchanges, with its corporate headquarters based in London, UK. IAG is the Group's parent company and constantly maintains close collaboration with its portfolio of operating companies to generate synergies and maximise results. Its independence from the operating companies enables objective, flexible and fast decision-making allowing IAG to implement strategies in line with the Group's long-term vision. In turn, the operating companies can focus their efforts on their target customers, their competitive environment, and their employees by adapting to their own idiosyncrasies. The portfolio of operating companies sits on the Group's common integrated platform, which whilst enhancing efficiency and simplicity, allows each operating company to achieve its own performance targets and maintain its unique identity.

Iberia Express. Iberia Express, a wholly owned subsidiary of Iberia, has consolidated its position as the most on-time low-cost airline in Europe for 6 consecutive years (2014-2019), and was the second most on-time airline in 2021 (due to the pandemic this ranking was not published in 2020). Since it started its activity in March 2012, it has exceeded 40 million passengers, placing it among the top four airlines at Adolfo Suárez Madrid–Barajas Airport. It currently has a fleet of 19 aircraft and flies to more than 30 destinations, offering a quality service and experience in line with the Group's standards.



CHAP 06



A person is shown from the side, holding a paper airplane against a bright sunset. The sun is low on the horizon, creating a strong lens flare and illuminating the scene with a warm, golden light. The person's arm and the paper airplane are silhouetted against the bright sky. The background consists of a clear sky with a gradient from blue to yellow and a field of green grass in the foreground.

Iberia is committed to a sustainable future in aviation.

*The key
to Iberia's
operations*

*in two
thousand
and twenty
one.*

Recovery of routes and services. In its effort to recuperate pre-pandemic levels, Iberia made a bold gamble in all its markets and by the end of the year was virtually operating in its entire pre-pandemic, global network of destinations.

In Latin America, in 2021, Iberia celebrated its 75th anniversary by increasing frequencies to destinations such as Mexico, the Dominican Republic, Colombia, as well as to Argentina, in the first months of 2022.

The opening up of the United States to European tourism was also a very important milestone and, for the winter season, Iberia had already scheduled 70 weekly flights between Madrid and New York, Miami, Chicago, Los Angeles and Boston.

And, following the success of the Maldives' debut as its star route last summer, Iberia decided to include it in its winter schedule, as well as Cali.

In the domestic market, Iberia increased its offer on the Air Shuttle by 50% to stimulate business travel, and also grew in other domestic routes such as: A Coruña, Asturias, Bilbao, Santander and San Sebastián.

Committed to a sustainable aviation future.

In 2021 Iberia continued to deploy its three-pronged sustainability strategy: more efficient operations, a more sustainable travel experience for its customers, and a commitment to research and development of sustainable fuels and other technologies.

In November, the airline - together with Repsol - made its first flight to Bilbao in an Airbus A320neo with SAF (Sustainable Aviation Fuel) with a reduction of 1.4 tonnes of CO₂. In addition, the airline has committed itself to operate ten percent of its flights using SAF by 2030.

On top of that, Iberia launched its CO₂ calculator through which customers flying with the airline can find out the emissions associated with their journey measured in kilos of CO₂.

Finally, the airline unveiled the largest self-consumption solar plant in the Ibex 35 at its facilities in La Muñoza, on the roof of the Engine Overhaul Shop: 10,000 square metres that can achieve 2MW and generates 80 million kWh.

A year marked by solidarity. During the COVID-19 crisis the airline played an important role at the service of the country and society.

The airline has continued operating repatriation flights from countries such as Nepal, Morocco and Venezuela and, throughout the pandemic, it has made around 70 repatriation flights to more than 20 countries to facilitate the return home of its customers.

In 2021, Iberia - together with IAG Cargo (the cargo handling division of the IAG Group) - transported almost 6 million COVID-19 vaccines to destinations such as the Canary Islands, the Balearic Islands and Melilla in Spain, and to El Salvador, Mexico, Chile, Dominican Republic, Ecuador, Uruguay and Peru in Latin America.

During the crisis caused by the eruption of the Cumbre Vieja volcano on La Palma, the airline - together with the NGO Mano a Mano - sent several shipments of humanitarian aid to those most affected in the area.



Innovation to guarantee a smoother and safer experience. In 2021, the airline committed itself, and will continue to do so in 2022, to innovation and sustainability in order to provide a simpler, more comfortable and safer travel experience, making the hub in Madrid a global benchmark for efficiency and increased sustainability.

Under an omnichannel model, Iberia's multiple services channels were integrated into a single system offering a 24/7 unique and unified experience to its customers. For example, through its website, iberia.com, you could access an interactive map showing health restrictions per country, as well as the location of COVID-19 tests centres. And from the App you could do things like buy flights, manage your bookings, check-in, find out the status of a flight, the boarding gate, or the assigned baggage carousel, amongst other things.

And at the airport, the airline adapted hundreds of procedures in record time to achieve a more fluid and "touchless" experience: online check-in, checking-in luggage from home, digitizing required health documentation, and the biometric detection of passengers at security filters and boarding gates, were just some examples of this.

Iberia's two business divisions

Iberia Maintenance applied itself to serving its customers by returning aircrafts back to service with the greatest possible flexibility and thus, advanced in its position as a benchmark for the IAG Group and its third-party customers in Southern Europe. The year 2021 closed with 134 engine inductions, 282 major overhauls completions, 443 line maintenance overhauls, and 41,000 certified component repairs; these figures represent a very notable increase in comparison to 2020, reflecting the recovery of activity during 2021.

The year was marked by significant investments made in technology and machinery to service the new generations of more efficient and sustainable GTF and LEAP engines, which will begin to arrive at Iberia Maintenance in 2023. Also in 2021, the Engine Overhaul Shop broke the record for the time taken to perform a complete overhaul on a V2500 engine.

In 2021, Iberia Maintenance reinforced its major overhauls activity in Barcelona as part of its new business strategy, thus generating highly qualified employment, contributing to greater re-industrialisation of the airport's area of influence and, ultimately, consolidating Barcelona's airport as a major aeronautical hub.

The summer marked a clear reactivation of flights and Iberia Maintenance went all out to bring more than 30 aircraft -that had been idle for almost a year- up to speed, to provide a better and more on-time service to its customers.

On the other hand, after a two-year halt due to the pandemic, our vocational training was reactivated and more than 50 students were able to complete 3 months of internship at our facilities as part of their training cycle. As a new feature, we provided training to the Spanish Air Force to overhaul its Airbus A330s. Iberia Maintenance staff received a total of 104,000 hours of training during the year.

On the other hand, **Iberia Airport Services** closed 2021 with a 55% increase in activities compared to 2019, which meant that 201,731 aircrafts were attended to, nearly 47 million passengers (60% more than 2020) passed through the 29 airports in which it provides services, and almost 33 million bags were handled, along with 2,444 freighters and 330,000 tonnes of cargo.

Ten new airlines have joined the customer portfolio, and the company has managed to compensate for the loss of revenue resulting from the pandemic thanks to the Social Security bonuses and the flexibility allowed by the provisions of the furlough scheme (ERTE), to adapt resources to the needs of customers, with very unstable flight schedules.

From an operations point of view, Filomena and the eruption of the volcano Cumbre Vieja on La Palma further added to the problems of the pandemic, testing both Iberia Airport Services' capability to adapt and the quality of its service. Even in these difficult times, Iberia Airport Services has continued to collaborate with NGOs such as Mano a Mano, by sending humanitarian aid to the people affected by the eruption of the volcano.

Iberia Airport Services is a leader in cargo aircraft operations, transporting vaccines (5 million transported in 2021), medical supplies, thousands of flowers... The changing COVID-19 requirements demanded by authorities, countries and client airlines have meant adapting internal processes and procedures in an agile manner in an ever-changing environment.

During 2021, the Kepler Scientific Workflow System, which is one of the pillars of the GoUp! project, was deployed, with the aim of transforming the handling business in 15 more airports. This tool integrates resource planning and operational monitoring processes in real time via the use of mobile devices. Its mobility also allows for the development and use of other collaborative tools such as chats (IMOT) or walkies-talkies, which have been implemented thanks to the great commitment of the workers involved.

For Iberia Airport Services, 2021 has meant an important step forward on the road towards the digitalisation of processes and the efficiency of operations with the implementation of a facial recognition system. This latest passenger boarding technology, improves punctuality, automates recurring activities, minimises human error, optimises aircraft fuel consumption, and reduces paper consumption.

The fleet of more sustainable, green, pushback tugs (the Mototok, an innovative electric aircraft tractor that is operated by remote control), which is already made up of 8 units at Madrid and Barcelona airports, have carried out more than 5,000 aircraft departures, with the consequent reduction of CO2 emissions and noise pollution at these airports.



Our certifications.

Certification	Scope	Certifying entity
Greenhouse gases verification	Flight & ground operations	SGS / TÜV / SÜD
AENOR N mark	Measuring and monitoring quality of service	AENOR
Iberia Airport Services: Integrated Quality and Environment System, ISO 9.001 and ISO 14.001	Activity of the 29 stations of the national airport network	AENOR
Iberia Airport Services: Certification in ground operations safety (passengers, baggage, cargo and aircraft)	Central services and Madrid airport	ISAGO
Certification of aircraft MRO	<p>National and international agencies (AESA, FAA, etc)</p> <p>Standard 145 - Maintenance Centres: EASA - Spain, FAA - USA, TCCA - Canada, CAAC - China, KCASR - Kuwait, GACA - Saudi Arabia, CAAB - Bangladesh, DGAC - India and QATAR Civil Aviation.</p> <p>Standard 147 - Training Centres: AESA Maintenance Training (147 part)</p>	Competent body
Iberia Maintenance: management quality systems ISO 9.001 and 9.110	Aircraft maintenance centres	AENOR
Occupational risk prevention system	All Iberia's activities with an impact on occupational risk prevention	Audelco

Membership of associations and strategic alliances.

Iberia is an active member of several associations in the air transport sector and has created strategic alliances that add value and enhance customer confidence, thus strengthening the Group against its competitors.

Oneworld. Since September 1999, Iberia has been a member of Oneworld, one of the three global airline alliances. Its members are leaders in their natural markets and operate with the highest standards of quality and safety. In addition to Iberia, the alliance includes Alaska Airlines, American Airlines, British Airways, Cathay Pacific, Finnair, Japan Airlines, Malaysia Airlines, Qantas, Qatar Airways, Royal Air Maroc, Royal Jordanian, S7, SriLankan and more than 30 other affiliated airlines. The Oneworld offer is aimed at improving customer choice, expanding travel options, increasing the number of destinations, enabling a mix of itineraries and fare types, offering more convenient airport connections, providing access to more than 650 lounges around the world, and offers a package of exclusive benefits and services available across the alliance's network.

IATA. Iberia is a member of the International Air Transport Association, an international organisation founded in 1945 that brings together 290 airlines, covering 83% of the world's air traffic. Luis Gallego (CEO of IAG) is a member of its Chair Committee and Board of Governors.

ALA. Iberia is a member of the Association of Airlines operating in Spain. This organisation, founded in 1952, represents more than 60 companies, covering 85% of the air traffic in Spain, including the 10 busiest airlines. Iberia is a member of the association's board of directors and since 2018 holds its vice-presidency.

AECFA. The Spanish Association for the Coordination and Facilitation of Slots. AECFA is a private non-profit association, currently made up of an airport managing company (Aena S.A.) and fourteen airlines. Iberia has been a member of AECFA and part of its board of directors since its constitution in 2014. The time slot coordination and facilitation provided by AECFA to airlines and airports is a neutral, transparent and a non-discriminatory service, whose aim is to achieve optimal capacity at congested Spanish airports.

ALTA. Latin American and Caribbean Air Transport Association. Iberia is a member of the association, as an associated company.

A4E. Airlines for Europe. Iberia (through IAG) has been a member of the main European air transport association since its creation in January 2016.

Joint ventures

North Atlantic. Is an agreement between Iberia, British Airways, American Airlines and Finnair, for the joint operation 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 a joint agreement between Europe and Peru that includes the Madrid/Barcelona-Lima routes. In addition, Iberia and LATAM Ecuador participate in the joint agreement between Europe and Ecuador for the Madrid-Quito/Guayaquil routes..

Europe-Japan. In October 2016, with the initiation of flights between Madrid and Tokyo, Iberia joined the joint business agreement between Japan Airlines, British Airways and Finnair to operate routes between Europe and Japan.



Financial performance

The operating losses attributed to the Iberia segment before exceptional items in the consolidated balance sheet of the IAG Group amounted to 234 million euros in 2021, an increase of 525 million euros compared to the previous year, with an operating profit before the exceptional items of 8.4 %.

Direct economic value generated (€M)	2021	2020
Recurring operating income	2.476	2.023
Operating income (including non-recurring)	2.476	2.023
Financial assistance received from governments	0*	0*

* 2.2 million received from official training subsidies, 1.7 million received as compensation for flights between Madrid and Mahón, 1.9 million from R&D deductions and subsidised loans amounting to 0.4 million euros.

Direct economic value generated (€M)	Spain	Rest of Europe	America	Rest
Recurring operating income	1.888	250	324	14
Operating income (including non-recurring)	1.888	250	324	14

Economic value distributed (€M)	2021	2020
Operating costs (including non-recurring)	3.094	3.404
Employee wages and benefits	752	782
Company's contribution to pension plans	37	57
Total amount paid to the Social Security	91	136
Airport or air navigation taxes	205	146
Taxes paid	385	300
EU investments	0	0

Economic value distributed (€M)	Spain	Rest of Europe	America	Rest
Employee wages and benefits	742	2	8	0
Operating costs (including non-recurring)	2.653	102	296	8

Activity

The results of the operational indicators reflect the reduction in capacity applied to the flight programme, as a measure to adapt to the situation created by COVID-19.

Evolution of key operative indicators	2021	% 2021 vs 2020
RPK (millions) Revenue-Passengers-Kilometre (Demand)	28,646	53,09
ASK (millions) Available-Seats-Kilometre (Offer)	41,600	56,63
FKT (millions) Freight-Tonne-Kilometre (Demand)	872	69,21

Other representative figures for the company's activity in 2021 are as follows:

- Fleet: 136 aircraft (72 Iberia, 19 Iberia Express and 45 Air Nostrum)
- Daily flights: 317 (152 Iberia, 60 Iberia Express and 105 Air Nostrum)

Market	Number of destinations 2021
Europe	65
Domestic	37
Latin America	20
Africa and the Middle East	9
Far East	4
United States	5
Grand total	140

48% of the total activity at the Madrid Hub at Adolfo Suárez - Madrid Barajas airport (measured in ASK) corresponds to Iberia.

Latin America is the company's main market. Despite a reduction in capacity due to the pandemic, Iberia has remained a leader in this market throughout 2021 and continued to offer flights connecting Europe with 20 destinations in 16 Latin American countries.

In the domestic market, Iberia ranks second, constituting 28% of total activity (also measured in ASK). The market leader, with a 36% share was Vueling, which is also a member of the IAG Group.

As in previous years, more than half of Iberia's production, measured in available-seat-kilometre (ASK), was dedicated to flights to or from Latin America.



Innovation Management

Iberia considers investment in R&D to have a strategic cross-cutting value, which is why it invests significant resources in projects with strong technological components that will improve its activities and services. In particular, digital transformation projects are considered to have the most cross-cutting strategic value because they can have a strong impact across all areas of the company.

From the point of view of tax incentives for R&D activities, the company has accredited, using established mechanisms, a tax deduction of more than 2 million euros for tax filed in the financial year of 2020.

With regards to public funding for Research and Development activities, in the last year, the Centre for Technological and Industrial Development (CDTI) financed, through its R&D and innovative lines, various projects aimed at the creation and significant improvement of processes, products and services, as well as projects that improve the company's competitiveness by incorporating emerging technologies in the sector. These projects are:

BANCODEPRUEBAS (A NEW GTF ENGINE CALIBRATION TESTING BENCH): This innovative project has an approved budget of €2,237,143.00. Its main objective being to achieve the acquisition, installation and correct operation of assets, and to update and adapt a new test bench for the repair and maintenance of the latest generation of Geared Turbo Fan "GTF" engines inside the Iberia Maintenance hangars in Madrid.

REVMAN2020 (NEW DYNAMIC PRICING STRATEGIES BASED ON ADVANCED DIGITAL TECHNIQUES): This R&D project has an approved budget of €596,712.00. The main objective is the development of new algorithms and advanced functions capable of optimising problems associated with revenue management, more specifically with pricing mechanisms, and which make it possible to:

- Increase customer loyalty thanks to the possibility of automatically generating personalised offers.
- Increase the use of the company's direct sales channels.
- Position itself above its competitors by providing personalised offers and experiences.

Quality of service

The quality of Iberia’s service is measured using on-time performance and NPS indicators, as well as the volume of complaints filed by our customers.

On-time performance. Punctuality is one of the indicators with which we can best measure the quality of service provided to our customers, despite the reduced and irregular activity during 2020 and 2021. According to the study by the consultancy Cirium, Iberia Express was the second most on-time airline in Europe in 2021 (91.81% on-time flights), and Iberia, with the highest volume of flights, ranked fifth (90.30% on-time flights).

On-time departure in the year 2021

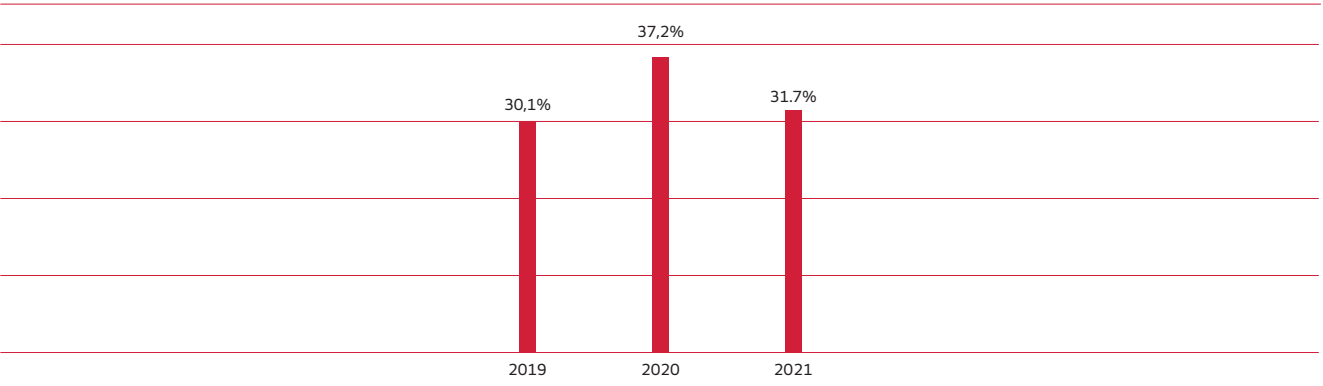
Iberia Group	90,4%
Long Haul	82,2%
Short/Medium Haul	92,4%
Iberia Express	94,5%

Commitment to customer satisfaction (NPS). The NPS (Net Promoter Score or recommendation index) is an index based on the answers given to a single question in a survey sent to customers to assess their travel experience: “How likely would you be to recommend Iberia to a friend or colleague?”, measured on a scale of 0 to 10 where 0 would be very unlikely and 10 very likely. Customers whose answer is 9 or 10 are considered promoters, while those who choose a rating of 0 to 6 are considered detractors. The NPS is calculated as the difference between the percentage of promoters and detractors.

The 2021 NPS improved by almost two points over the 2019 figure, in a year that, like 2020, has been tremendously challenging for aviation due to the COVID-19 pandemic, which has profoundly impacted the way we fly.

The results for 2021 are marked by a gradual recovery in operations. Thus, with the exception of the month of January (hampered by the problems caused by the Filomena storm), the first four months of the year saw high levels of recommendations thanks to high punctuality and improved process agility. The NPS began to decline gradually from April onwards as the operation became more complicated due to government restrictions on flying which required more complex document management. It should be noted that throughout the second half of the year, service levels that had been affected by the pandemic began to recover, with the gradual reopening of VIP lounges, the recovery of priority boarding, and the improvements in catering services.

The evolution of NPS



Complaints. The volume of complaints received in 2021 was reduced by 10% in comparison to 2020, maintaining response times of between three and four days. One of the challenges of the year was the adaptation of processes to implement new and more flexible measures provided by the company to compensate for the situation created by COVID-19.



IAG and Iberia governance

Amongst the bodies involved in corporate governance, the boards of directors of IAG and Iberia are responsible for defining objectives and strategies, including the responsibility for approving general policy lines, drawing up programmes and establishing priorities for achieving corporate goals, as well as promoting and supervising the management and fulfilment of agreed objectives.

Amongst the many functions of the board of directors of both IAG and Iberia is the approval of: the business plan and budgets, the structure and financing policy, the risk supervision and management policy and, the corporate social responsibility policy, as well as, the periodic monitoring of internal information and control systems, directly and through the reports made by the Audit Committees.

The board acknowledges and approves the Corporate Responsibility Report, once it has been verified and submitted to the Management Committee.

The appointments and remuneration policies are the responsibility of the Nomination Committee and the Remuneration Committee, respectively, both of which report to the Board of Directors of the IAG Group.

Board of directors IAG Group	Number of advisors	Number of non-executive advisors	Number of women
Board of directors IAG Group	12	11 (92%)	5 (42%)
Board of directors Iberia	9	4 (44%)	2 (24%)

Shareholders IAG Group



Board of directors IAG Group



Audit and compliance committee
Safety committee

Nomination committee



The Committee for safety,
the environment
and corporate responsibility

Remuneration committee

Executive management IAG Group



Board of directors Iberia



Safety Committee



Remuneration Committee

Audit Committee

Executive management Iberia



Stakeholders

Strengthening relationships with stakeholders is one of the main objectives guiding the IAG Group's sustainability strategy and is therefore also key for Iberia. To make this a reality, a specific area was created, the Shareholder and Investor Relations Office, which is responsible for developing consultation processes between shareholders and the highest governing body on economic, environmental and social matters.

Breakdown	Goal	Communication Channels	Materiality Analysis
Customers			
Airline customers, airport services and aircraft maintenance.	Achieve customer satisfaction with our services. Ensure business sustainability.	<ul style="list-style-type: none"> - Commercial communications. - Customer services offices. - Iberia.com - Social networking. - Call centres. - Claims management. - Events. 	<ul style="list-style-type: none"> - Interviews with key managers from customer service. - Claims analysis.
Society			
Airline associations and alliances.	To defend common interests within the airline industry.	<ul style="list-style-type: none"> - Direct participation in these associations. - Working groups. 	<ul style="list-style-type: none"> - IATA materiality analysis.
Media and society in general.	Maintain a permanent interaction with the media. Inform and interact instantly with the digital community.	<ul style="list-style-type: none"> - Social networking. - Press releases. - Corporate website. - Interviews and meetings with journalists. - Institutional relations. 	<ul style="list-style-type: none"> - Interviews with external communications managers. - Studies from CIS (Centre for Sociological Research). - MERCO Analysis and Madrid Excelente.
Environment. - Applicable legislation.	Preserving the environment and caring for our surroundings.	<ul style="list-style-type: none"> - Annual IAG Report. - Iberia's CSR Report. 	<ul style="list-style-type: none"> - External audits. - Internal and external materiality results.
NGOs and social organisations.	Collaborate actively in organisations, especially those that are related to our employees.	<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.
Regulator			
Public administrations, AENA, Civil Aviation, ICAO, IATA, national and local governments.	Guarantee compliance with the regulations in each area of activity. Maintain a cooperative attitude with regulators to help maximise the benefit of regulation for all stakeholders.	<ul style="list-style-type: none"> - Working groups. - External audits. - Specific statements. 	<ul style="list-style-type: none"> - Key aspects of applicable regulations.
Employees			
Employees.	Contribute to the professional development and well-being of 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"> - Materiality internal survey. - Workplace climate survey.
Suppliers			
Suppliers and subcontractors.	Guarantee transparent contracting processes and maintain a relationship that adds value to all parties. Establish and promote responsible purchasing criteria.	<ul style="list-style-type: none"> - Suppliers management systems. 	<ul style="list-style-type: none"> - Interviews with services procurement managers.
Shareholders			
<ul style="list-style-type: none"> - IAG Group shareholders. - Market analysts. 	Transparent transmission of all relevant corporate and financial information. Fulfil corporate governance obligations.	<ul style="list-style-type: none"> - Shareholder and investor relations office. - Shareholders' meeting. - Board of Directors. - Quarterly and annual reports. - Market presentations. - IAG website. 	<ul style="list-style-type: none"> - 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 main objectives is to identify what the companies most significant risks are in order to assess the economic impact, probability of occurrence and time frame. For this purpose, it relies on both the IAG audit and compliance committee as well as the Iberia audit committee, set up in 2017 due to legal requirements, and whose coordination is therefore guaranteed. Its main functions are to:

- Periodically review and supervise the effectiveness of internal control systems, internal audit and risk management systems of the different companies within the group.
- Act as a communication link between the Board of Directors and the external auditors.
- Express an opinion on its independence.
- Supervise the process of preparing and presenting mandatory financial information.

The coordinated relationship of the committees eliminates, or significantly reduces, any risk impact regarding Iberia's activities.

Ethics and integrity: Iberia applies the IAG Group's general code of conduct, which contains the catalogue of ethical principles and rules of conduct governing the actions and behaviours of the Group's directors, executives and employees in the performance of their duties and in their business and professional relations.

The code prohibits personal and/or family interests from affecting the decisions, actions, services or advice adopted, performed or provided on behalf of Iberia. The directors' obligations are set out in the Board of Directors Regulations and in the Articles of Association of IAG and Iberia, and their compliance is analysed in the Annual Accounts Report.

As in the previous year, in 2021, no situation of conflict of interest was detected in the performance of the duties of the Board of Directors of Iberia or its Management Committee.

IAG also has a code of conduct for suppliers, which is applicable to the supply of any goods and services provided both to IAG and to any of the Group's companies.

Internal and external audit. The transparency requirements of the stock markets are essential in guaranteeing the reliability of financial information. In this regard, Iberia has monitoring systems based on the reference framework established by the CNMV (National Securities Market Commission). These internal control systems are configured following a process protocol that involves the Board of Directors, IAG's Audit and Compliance Committee, Iberia's Audit Committee, senior management and company staff.

Regulatory compliance committee. The Iberia Group makes available to all its staff a set of tools to help them solve queries and any incidences they might be encountered. There is also a whistle-blowing channel managed by an external provider to guarantee the confidentiality of information.

All complaints are analysed and subsequently reported to the Regulatory Compliance Committee, made up of the company's senior management, for review and decision. Also, the company carries out an annual internal audit of the compliance crime prevention model to ensure that it is always up to date.

Rules of competency. The competency compliance programme is based on an IAG-specific risk matrix, the implementation of which is ensured through senior management's commitment to the approved compliance strategy.

It is also reflected in the commitment to compliance within the company's code of conduct, internal guidance to employees through the Competency Compliance Guide and the development of specific guidelines, training initiatives, internal reporting/whistleblowing channels and process monitoring.

Compliance with European passenger rights regulations. Iberia is subject to compliance with the European Aviation Customer Commitment, a code of conduct signed on the 2nd of July 2002 together with the other airlines that make up the European Airlines Association (EAA).

This code establishes various obligations relating to the company's service, such as respecting the agreed fare, providing all the information required about the operating company, notifying incidences, assisting passengers, speeding up the payment of refunds, and attending to passengers with reduced mobility as well as minors.

In addition, Iberia responds to claims under the terms established by European regulations on compensation and assistance to passengers in the event of denied boarding, cancellations, or serious flight delays.

Anti-corruption policy. The fight against corruption and bribery is part of Iberia's crime prevention programme. This programme contains a set of measures aimed at Iberia employees so that they can prevent and detect possible crimes, as typified by the criminal code, and to understand how to duly report them to the relevant authorities. The programme also involves a commitment to permanent vigilance and sanctions of unethical and criminal conduct, and to maintaining effective communication and awareness-raising mechanisms for employees thus promoting a preventive culture.

In compliance with the company's anti-corruption policy, Iberia periodically carries out due diligence processes (analysis and search for information) aimed at third parties contractually linked to the company. Specifically, the suitability of bidders and commercial intermediaries is checked, based on criteria established for each case. In 2021, more than 100 due diligence processes were carried out to ensure the integrity of third parties. In addition, IAG GBS, the IAG Group company responsible for centralising all third party contracting and invoice payment processes, carries out an analysis of the overall level of compliance of contracts, and the regulatory compliance of the performance of these third parties.

Human rights. Iberia is firmly committed to human rights and has endorsed the IAG Slavery and Human Trafficking Statement, which applies to all persons working for or on behalf of the company and is based on a zero-tolerance policy. This policy is communicated to all suppliers, contractors and partners at the beginning of the commercial relationship and is further reinforced throughout the duration of the relationship.

Responsible Purchasing. Iberia's responsibility to purchasing and contracting are managed through IAG Global Business Services (IAG GBS) which, in line with Iberia's objectives, is regulated by internal procedures.

The IAG Group's commitment to the fight against climate change also extends to procurement and suppliers, and IAG was the first airline group in the world to set a target of achieving net zero Scope 3 emissions in the supply chain by 2050. These Scope 3 emissions are those produced by suppliers, which IAG GBS manages on behalf of Iberia.

Through IAG GBS, Iberia works with a global sustainability rating company to assess its suppliers against a range of measures including the environment, labour and human rights, and ethics. These ratings will provide a baseline for future collaboration on sustainability initiatives that will help us achieve the goal of net zero emissions by 2050 in alignment with IAG GBS Supplier Code of Conduct.

The IAG GBS Supplier Code of Conduct defines the standards of behaviour that any supplier working with Iberia must meet, emphasising the importance of sustainability. This code was implemented in 2020 for existing suppliers and has since also been incorporated into the selection process for new suppliers.

Iberia only works with companies that share its standards and ways of working, which provide a safe and healthy environment for its staff. The selection of suppliers is based on an analysis of potential risks, in addition to on-site audits. These audits are carried out by independent inspectors with CSR experience using the Sedex Members Ethical Trade Audit (SMETA) methodology.

All suppliers undergo a legal, social, environmental, and financial risk audit every two years. IAG GBS Procurement and Compliance Teams assess suppliers that have been identified as potentially having higher levels of risk and implement mitigation plans where necessary. Any issues are reported to risk owners within Iberia for joint action.

In 2021, IAG GBS maintained a focus on improving supply chain performance, driving sustainable innovation, and identifying new ways to reduce carbon dioxide emissions and waste.



Staff

Breakdown of personnel by	Personnel at year-end	Average age (years)	Average length of service
National ground	10.773	47,6	20,0
Pilots	1.343	46,4	18,2
Cabin crew	3.216	45,8	20,4
Local personnel abroad	211	47,1	14,6
Grand total	15.543	47,1	19,9

Breakdown of personnel by business area	Ground	Flight	Total
Corporate	919		919
Air transport	515	4.559	5.074
Airports and cargo	6.865		6.865
Maintenance	2.685		2.685
Grand total	10.984	4.559	15.543

Evolution of the personnel			
2018	2019	2020	2021
16.968	17.458	15.166	15.543

Personnel by type of contract	Nº of people
Indefinite part-time	1.495
Indefinite discontinuous	225
Indefinite irregular timetable	1.509
Indefinite regular timetable	11.114
Seasonal	1.200
Grand total	15.543

During 2021, 121 permanent contracts were signed, 76 of which were conversions from temporary to permanent contracts.

Interprofessional minimum wage vs. Iberia minimum wage	Annual
Minimum wage	13.510€
Iberia minimum wage	15.748€

Salaries for staff covered by the collective bargaining agreements are established according to professional category, seniority, and position, in accordance with their respective collective bargaining agreement. For non-union staff in management and structural positions, salary negotiations are carried out between the company and the employee according to specialisation, experience, and job description. In all cases, no distinction is made on the basis of gender, race or any other discriminatory factors.

Gender diversity	Women	%	Men	%	Total	%
Senior management	12	31%	27	69%	39	0%
Senior management and senior technicians' group	224	62%	140	38%	364	2%
General administrative body	2.687	70%	1.142	30%	3.829	25%
Ancillary services	343	9%	3.309	91%	3.652	23%
Aeronautical maintenance technicians	51	2%	2.202	98%	2.253	14%
Others	353	42%	494	58%	847	5%
Total ground	3.670	33%	7.314	67%	10.984	71%
Pilots	84	6%	1.259	94%	1.343	9%
Cabin crew	2.269	70%	947	29%	3.216	21%
Total flight	2.353	51%	2.206	48%	4.559	29%
Grand total	6.023	39%	9.520	61%	15.543	100%

Personnel age pyramid by gender	Women	Men	Total	% Women	% Men	Grand Total
Less than 30	325	2%	593	4%	918	6%
30-50	3.264	21%	5.081	33%	8.345	54%
More than 50	2.434	16%	3.846	25%	6.280	40%
Grand Total	6.023	39%	9.520	61%	15.543	100%

Diversity in management positions	Women	Men	Total
Chairman	0	1	1
Management committee	1	7	8
Director	12	23	35
Senior manager	14	35	49
Manager M1	49	68	117
Manager M2	43	75	118
Specialists	92	95	187
Grand total	211	304	515

The latest competitiveness study of the salaries of non-statutory employees, carried out by an external company, showed that there is no gender pay gap at Iberia.

% Average wage gap

Senior Manager	-2,95%
Manager M1	-1,71%
Manager M2	-6,11%
Specialists	--2,89%

*Note: Pilots and Cabin Crew Collective employees who occupy management positions are not included.

Number of employees benefiting from reduced working hours for legal guardianship in 2021	Women	Men	Total
Flight	470	155	625
Pilots	9	53	62
Cabin crew	461	102	563
Ground	119	111	230
Grand total	589	266	855

Percentage of union membership through payroll

Ground	62,85%
Cabin crew	37,34%
Pilots	100%



Against discrimination and harassment

Iberia's general code of conduct states that the company is committed to its policy of action based on developing and implementing the selection processes for all personnel without discrimination on the grounds of race, origin, religion, political and trade union ideologies, gender, gender identity, sexual orientation, marital status, age, or disability.

Plan Person@

Plan Person@ is a project that brings together all the initiatives that the company is implementing in order to promote well-being, new ways of working, and to acknowledge the people who form part of Iberia. With the outbreak of the pandemic, the most important initiatives of this plan have been mainly focused on the following aspects:

- Training in new technologies to facilitate remote work and the adoption of health and safety measures in the workplace.
- The promotion of new collaborative work methodologies that have fostered transversality and the work of multidisciplinary teams.
- Support: promoting a specific portal on the Iberia employee intranet, with topics related to physical and psychological wellbeing, promoting healthy habits, as well as implementing procedures in the workplace, in view of the current health crisis.
- Finally, more benefits and perks have been introduced for employees, available digitally through the Zona Iberia platform.

Diversity, equality, and inclusion plan

Due to its participative nature, most of the initiatives of the Diversity, Equality and Inclusion Plan had to be postponed until they could be carried out under safer conditions, in a year marked by the efforts made to recover activity and the gradual incorporation of the workforce affected by the furlough scheme (ERTE). Nevertheless, we continued working on it and these are the most significant milestones of the year:

- As part of the “Take the Lead” programme, which fosters the professional development of diverse talent, the company continues to participate in a cross-mentoring programme for women.
- Iberia has also continued to participate in the activities of the association Ellas Vuelan Alto, which has carried on with its activities and events.
- This year, Iberia’s Chairman, Javier Sánchez-Prieto, participated in the III Business Summit #WomenandLeadership, organised by the consulting firm 50&50 Gender Leadership in collaboration with the CEOE (Spanish Confederation of Employers’ Organisations).
- The “Quiero ser” programme is designed for young students and aims to attract and promote talent in technical careers in the aeronautical sector in which the presence of women is still very much in the minority. This project, launched in 2019, is on stand-by until the current health crisis allows for activities to resume safely.

Our values

Once Iberia’s values were redefined in 2019 through a process in which all levels of the organisation participated, they began to be deployed in some areas, such as the performance evaluation of non-union workers, or in the monthly recognition of the most outstanding achievements, through the person@ Iberia initiative. Both processes have served as a tool to channel and highlight examples of day-to-day behaviour associated with our values, the “Iberia values”:

- We put our heart and soul into what we do
- We connect with our customers
- We make it simple and efficient
- We have safety ingrained in our DNA
- We reinvent our tomorrow
- We are one



People with disabilities

In accordance with current legislation, Iberia is bound to hire a number of disabled workers that must account for at least 2% of its total workforce. Given the special complexity of the productive nature of the company, it is difficult to employ these workers in sufficient numbers to cover this quota and, therefore, the obligation is fulfilled through alternative measures provided for by law.

Iberia ensures compliance with the law through collaboration with the Envera association and its special employment centres. This association was created in 1977 by Iberia employees who had children with special needs, and its activity is explained later on, in this report.

Health and safety at work

Since the beginning of the coronavirus pandemic, Iberia has implemented the measures recommended by national and international authorities in all its aircraft and places of work to protect the health of customers, employees and suppliers.

During the first half of 2021, the certification "Safe Working During the COVID-19 Pandemic" was renewed in the facilities where the company operates: the office building at the company's headquarters, the crew lounge at Terminal 4 at Madrid airport, the maintenance facilities, and at cargo and domestic airports.

The renewal of this certification, issued by Applus+, has been possible thanks to, on the one hand, the Integrated Health and Safety Plan - which includes hygiene measures, interpersonal distancing, organisational measures, risk prevention, action taken in the event of a suspected case, coordination with third party companies and internal informative campaigns, amongst others - and on the other hand, the compliance, monitoring and awareness of the entire workforce with established protocols, even going beyond the regulations and recommendations of the health authorities.

In addition, we are maintaining measures such as reinforcing the cleaning and disinfection of equipment and workplaces, the ventilation of buildings and the cleaning of air conditioning systems to renew the air more frequently, as well as the installation of air purification equipment in areas with the highest number of workers.

Iberia continued to facilitate teleworking, teleconferencing tools, and maintaining the layout and occupancy of offices and meeting rooms.

Thanks to the agreement reached with the Community of Madrid within the framework of the "Plan Sumamos", together with Europ Assistance, Iberia was able to take a further step in its commitment to fight the pandemic by making one of Iberia's buildings in La Muñozza available to the region as a vaccination centre. The first few days of this vaccination process were reserved for employees, and later, for people outside the company who had previously arranged appointment through the Madrid Regional Ministry of Health's official self-citation system. In total, more than 25,000 people were vaccinated during the three-month campaign.

Throughout the year, the protocols for action in the event of a suspected or confirmed case of a worker with symptoms of COVID-19 continued to be applied. In addition, as a method for preventing infection, and in line with the guidelines given by the Ministry of Health in the "Strategy for Early Detection, Surveillance and Control of COVID-19", Iberia carried out and continues to carry out antigen tests, as well as keeping track of the close contacts of workers who tested positive.

No. of occupational health and safety committees	19 committees + 1 Inter-centre Committee		
No. of prevention officers	85		
% of workers represented in committees	100%		
% rate of absenteeism due work-related accidents (+)	0,45% Tot. Iberia	0,48% Ground	0,35% Flight
Accident rate compared to 2020	-4,25%	0%	-16,6%
Financial penalties for non-compliance with prevention laws	3		
	Men	Women	
Number of days absent due to work-related accidents or on the way to work (*)	12.818	9.720	
Number of very serious accidents (*)	0	0	
Number of serious accidents (*)	0	0	
Number of minor accidents (*)	363	164	
(*) Absent from work during 2021			
Occupational Risk Prevention Training 2021	Tierra	Vuelo	
Number of courses delivered	194	4	
Number of trainees	8.256	36	
Hours of ORP training per employee	2,47	1,73	

Training

The evolution of the pandemic in 2021, the gradual return to the office and the extension of the furlough scheme (ERTE) have defined the strategic lines of training for 2021, focusing on the following points:

- Ensure that technical and regulated training is a top priority.
- Continue to reinforce safety at work and risk prevention.
- Continue to redefine the profile of internal trainers to convert them into “e-trainers”.
- Continue to promote the digitalisation of training, e-Learning and self-enrolment.
- Adapt employee training to the different furlough scheme (ERTE) scenarios.

Regarding technical training in the maintenance area, in addition to the regulated training that follows the highest industry standards using Aula Airbus training, two new features stood out in 2021:

- “Islas de Aprendizaje” courses: with a very practical and didactic approach aimed at covering specific technical training needs.
- The launching of the new existing training programme on Procedures, Human Factors and Safety Management Systems, with two approaches: online and face-to-face.

With the reinforcement of security, we continued to respond to training needs in cybersecurity, as a result of the increase in remote work and the consolidation of synchronous remote work tools. To this end, a course has been launched with the aim of learning how to adopt measures that guarantee the necessary security, both in Iberia and in the private environment. This training, which started in 2020 and was updated with new material in 2021 for the flight area and key groups, is being extended across the entire organisation in 2022.

In addition, the gradual return to work to the office has been accompanied by online occupational health and safety courses aimed at ensuring that all Iberia employees are able to apply prevention measures in their jobs, including basic concepts, prevention in offices, correct use of screens, road safety and emergencies.



During 2021, the digital transformation of the profile of the internal trainer has continued with specific reskilling initiatives that are helping them to evolve from on-site to e-trainers.

Another relevant project was the launch of online skills development courses through gamification, aimed at groups of employees with specific needs that were previously identified. These actions have included courses in leadership, negotiation, productivity, and conflict resolution.

In addition, in the area of skills, employees themselves have been encouraged to decide what skills they would like to learn. For this reason, the “Aula Abierta” on our IB Learning platform has been greatly extended, increasing the available catalogue of online formative pills, and allowing any employee from the company to self-enrol. To this end, we have taken advantage of collaborative agreements with prestigious business schools, as well as other courses developed by our trainers and experts, covering formative pills on digital marketing, strategic innovation, ecommerce, or Excel courses, amongst others.

In addition, in the last quarter of the year, a training programme was launched, aimed primarily at people affected by the furlough scheme (ERTE) to improve their professional skills and qualifications based on Royal Decree-Law 18/2021, covering more than 40 hours of training in digital and personal skills, as well as language training. This training has been developed in e-learning mode, thus facilitating the flexibility of its implementation, and contributing to a better work-life balance.

Average hours of training by groups and areas of work

Pilots	58,46
Cabin Crew	26,88
Airports	15,30
Maintenance	38,86
Corporate	9,14

— 387.467 total hours of training

— Online training 34%

Recruitment and talent

Following the suspension of the selection processes in the second quarter of 2020 due to the pandemic, in 2021 these processes were progressively resumed, focusing on offering opportunities and professional growth for all employees.

The second half of the year saw the highest volume of processes with a cumulative total of more than 200 in Iberia, promoting more than 100 career opportunities in positions within the IAG Group organisation.


The number of Iberia selection processes finalised in 2021 was 124, an increase of 77% compared to 2020.

In addition, throughout 2021, 50 vocational training placements were made available in Iberia's Dirección Técnica, continuing our commitment to younger talent and their development.



CHAP 07



A low-angle photograph looking up at the dense canopy of a large tree. The tree's branches and green leaves fill most of the frame, with a clear blue sky visible through the foliage. A thick, light-colored tree trunk runs diagonally across the upper right portion of the image. Overlaid on the left side of the image is a paragraph of text in a white, italicized serif font.

The causes and effects of climate change are an unquestionable reality. In this context, Iberia, as part of the IAG group, and in its bid to achieving net zero emissions by 2050, defined an ambitious sustainability strategy in 2021 that is consistent with the company's Purpose.

The challenge of sustainability in the aviation sector

*and Iberia's
sustainability
strategy.*

At Iberia, we have been flying since 1927 to bring people together, to connect stories and cultures, to make big and small dreams come true. And we do this with great responsibility, making great efforts to reduce our impact on the environment and to support the progress of the communities in which we operate.

Description of this context.

We are faced with a world that is constantly transforming and where economic and social changes are happening at a great speed. This leads to a situation of great uncertainty, where it is very difficult to anticipate what lies ahead and developing a medium/long-term strategy becomes a challenge in itself.

In this complex context, humanity is faced with immense challenges of global scope that forces us to rethink all systems, and where history and past experiences can no longer be used as reference. These include economic, environmental, and social challenges, but also technological and political or governance issues, which are graphically summarised in the wheel of the 2030 Agenda for Sustainable Development Goals, and which has the climate crisis as a common denominator.

The causes and effects of climate change are an unquestionable reality. In this regard, the Council of Ministers of the Government of Spain, held on 21 January 2021, approved Spain's Climate and Environmental Emergency Declaration, defining 30 lines of action, which include, amongst others, the approval of the Climate Change Law, the definition of a decarbonisation pathway to achieve climate neutrality by 2050, and to work towards a fairer and more sustainable industrial model. This is an unstoppable trend in Europe, spearheaded by the European Climate Pact, which aims to make Europe, with the collaboration of companies, the first climate neutral continent by 2050.

In addition to all these challenges, lies the challenge of aviation activity itself, which comes from the complications of achieving decarbonisation in the short term. However, an important, if obvious, characteristic of aviation should be pointed out: air transport is a necessary activity because it contributes decisively to social and territorial cohesion through a network of stable and regular routes to a much-needed international connection, as well as the connection between the different parts of Spain, especially the islands (or outermost regions). It also contributes to the promotion of scientific and technical research, in so far as continuous scientific and technological innovation is inherent to the aeronautical sector, thus contributing to the growth of the economy, not only in its own field, but also in the current efforts for an ecological transition (advances in the reduction of gas emissions, the use of lighter materials, the introduction of more environmentally friendly fuels, etc...), as well as promoting favourable conditions for social and economic progress in Spain.

In this context, Iberia, as part of the IAG group, and in its bid to achieving net zero emissions by 2050, and in line with the forefront of science as well as international, European and national regulations, is defining an ambitious sustainability strategy that is consistent and unquestionably aligned with the company's purpose, which is explained below.



Iberia's sustainability strategy

The fight for environmental, social, and economic sustainability represents a cross-cutting effort by Iberia and the entire IAG group. To this end, Iberia has reinforced its sustainability strategy, adapting it to the challenges of today, fulfilling its commitment to achieve zero net emissions by 2050 and, in the short-medium term, to develop its activity in a more sustainable manner. In this sense, the strategy is defined in four fundamental pillars focused on an ecological transition of our activities: the search for a more sustainable travel experience for its customers, the commitment to sustainability by the employees of Iberia, and the commitment to the future of the entire company, through the support of research, and the reinforcement and enhancement of the contribution of our activities to society as a whole.

Iberia works to ensure the efficient and sustainable growth of its operations, integrating sustainability into its business by improving environmental management, and contributing to a fairer and healthier society by adopting the sustainable development goals of the 2030 Agenda as part of its strategy. In this regard, Iberia carries out its activities within a framework of responsibility and transparency, caring for the environment and actively collaborating in the social sphere, with a special focus on the following goals:

- ODS3, Good health and well-being, through its decarbonisation, waste management, and customer health and hygiene care initiatives.
- ODS5, Gender equality, through initiatives aimed at personal development, with a focus on women.
- ODS8, Decent work and economic growth, through talent development initiatives.
- ODS9, Industry, innovation, and infrastructure, by improving facilities and enhancing the digitisation and modernisation of business processes.
- ODS10, Reduced inequalities, with the development of the activity itself, which guarantees its financial sustainability.
- ODS11, Sustainable cities and communities, through measures to improve air quality and reduce noise.
- ODS12, Responsible consumption and production, through initiatives to improve waste management.
- ODS13, Climate action, through measures to decarbonise our activities.
- ODS17, Partnerships for the goals, reaching out to public-private partnerships and the third sector.

Since 1994, Iberia has published its sustainability report detailing all the information on its environmental and social performance, extending its commitments to all the company's stakeholders: customers, investors, suppliers, administrations and the communities in which it operates.

The environment

Clients

Employees

Social Impact

<div>     </div> <div> <div>Reducing CO2 emissions in all our businesses</div> <div>Increasing the use of SAF Sustainable Aviation Fuel</div> <div>Reducing air and noise pollution</div> <div>Improving waste management</div> </div>				<div>    </div> <div> <div>Creating a sustainable travel experience</div> <div>Engaging our employees in a sustainability agenda</div> <div>Enhancing our positive impact on society</div> </div>		
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3 GOOD HEALTH
AND WELL-BEING



5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



10 REDUCED
INEQUALITIES



11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



17 PARTNERSHIPS
FOR THE GOALS



Environmental Pillar, due to its importance, is the largest of the four pillars.

Environmental sustainability is probably the greatest challenge of the strategy as it relies on the development of new technologies and is a process of continuous innovation. The reduction of greenhouse gas emissions is possible through investment in a new fleet, efficiency of operations, and, most notably, the use of sustainable aviation fuels, which are capable of reducing emissions by up to 80%, from a life cycle analysis point of view.

Aviation is currently a fossil fuel-dependent industry. In order to reduce - and eventually eliminate - this dependence, an ambitious mitigation strategy needs to be defined to ensure the sustainable future of the sector. However, it should not be forgotten that, according to data published by the International Air Transport Association (IATA), CO₂ emissions from air transport currently represent between 2 and 3% of total global emissions. Within the transport sector, aviation accounts for 12% compared to, for example, road transport, which accounts for around 74%.

Furthermore, long journeys of more than 1,500 km, which cannot be carried out by other means of transport, account for 80% of aviation's CO₂ emissions. In recent decades there have been great advances in technology, and current aircraft are 80% more efficient than those of the 1960s, but these important developments must be accompanied by other measures to achieve the net zero emissions goal agreed by the sector by 2050, which is represented through IATA, and the IAG group itself.

Reducing emissions (the fight against climate change)

The biggest challenge facing aviation in terms of CO₂ emissions, lies in the dependence of fossil fuels and the limited short- and mid-term availability of a renewable energy source to entirely replace fossil aviation kerosene. Aware of this immense challenge, in 2019 the IAG group launched its sustainability strategy Flightpath Net Zero 2050, which was followed in October 2021 by IATA's own strategy with a series of short-, medium- and long-term mitigation objectives to achieve net zero emissions by 2050, thus aligning with the targets set by the IPCC to limit global warming to 1.5°C. In order to achieve this, Iberia has set out a short-, medium- and long-term decarbonisation roadmap:

- 10% Improvement in efficiency by 2025, measured in grCO₂ per passenger per km
 - Achieve 20% net emissions by 2030
 - Operate 10% of flights with SAF by 2030
 - Achieve net zero emissions by 2050, in emissions Scopes 1, 2 and 3
- Climate neutrality must also be based on other factors that are integral to Iberia's activities:
- Supporting the research and development of SAF and other solutions aimed at decarbonising the sector.
 - Integrating a circular economy into all our operations to ensure that waste is properly managed and recycled.
 - Supporting emission-neutral growth for international aviation through CORSIA.
 - Using electricity from 100% renewable sources at all Iberia-owned facilities.
 - Promoting environmental and social projects aligned with the company's goals.

This is made possible by using 3 main tools:

Fleet renewal and improved operations:

Since 2013, Iberia has added 48 new aircrafts to its fleet, including the A350-900, and the A320 and A321 NEO, the latest-generation of aircrafts that reduce fuel consumption and CO2 emissions by 35% and 15%, respectively. In the case of the NEO models, thanks to their latest-generation engines, combustion is much cleaner, with a reduction of 50% nitrogen oxide (NOx) emissions.

An essential tool that guarantees the fuel efficiency of all our flights are the fuel efficiency initiatives that were developed by Iberia and are annually monitored. These initiatives aim to optimise fuel consumption throughout the flight, from the operations that take place at the airport, like taxiing or the use of APUs, to the entire flight phase, including the take-off phase and the approach phase.

These initiatives include measures related to the reduction of aircraft weight (lighter seats and trolleys, the Electronic Flight Bag, the end of on-board newspapers in favour of digital press...), more efficient maintenance of aircrafts and engines, and the implementation of new tools that use real-time information to improve flight plans (more efficient altitude level, redefinition of alternative airports, more efficient manoeuvres at airports, more direct routes...).

Commitment to Sustainable Fuels:

Sustainable Aviation Fuels (SAFs) are fuels produced from renewable raw materials. Those obtained from biomass are called biofuels, and the ones of non-biological origin, the so-called electro-fuels or e-fuels, (power-to-liquid PtL or power-to-jet-fuels), are carbon-neutral synthetic fuels produced using renewable electrical energy through the synthesis of hydrogen or alcohols, amongst other raw materials. The main advantage of synthetic fuels over biofuels is that they can be produced without the volume limitations of biofuels, which are dependent on the amount of biomass available.

In order to be considered sustainable, fuels must meet a number of sustainability criterion that are set out in Directive (EU) 2018/2001 on the promotion and use of energy from renewable sources (REDII Directive), which guarantees the fuel renewable origin, and that its production does not compete with food production, nor does it require deforestation practices or the high consumption of freshwater.

The main environmental benefit of SAF lies in the size of its carbon footprint, which can be up to 80% lower than that of traditional fuels, resulting in a significant reduction in CO2 emissions throughout its life cycle. In addition, most of these fuels contain fewer impurities, also further reducing the direct environmental impact of each flight. SAF has the same physical and chemical properties as conventional aviation fuel, meaning that it can be used right now and does not require the need to adapt or modify the supply infrastructure or the aircraft engines.

One of IAG's environmental strategies is to increase the use of these types of fuels within the Group, with a commitment to using SAF on 10% of its flights by 2030, and to invest \$400M in SAF over the next 20 years.

In 2021, IAG signed an agreement with Velocys to purchase 220,000 tonnes of SAF over ten years, which it will start distributing in 2026 and will be used by Iberia, British Airways and Aer Lingus. The technology used in this project will trap CO2 during the manufacturing process, thus permanently removing it from the atmosphere. In July 2021 Iberia signed a collaboration agreement with Repsol to move towards more sustainable mobility. As a result of this collaboration, we made our first flight using biofuel made from waste in Spain.

Circular economy: Another of the environmental challenges facing aviation is the management of waste generated during flight and on the ground.

In 2016, Iberia launched the Zero Cabin Waste project to create a sustainable management model for waste generated on board, both domestic and international flights, with the ultimate goal of recycling 80% of the generated waste. The management model proposed the selective collection of category 3 waste (generated on domestic and intra-European flights) as well as category 1 waste (generated on international flights). In the case of domestic and intra-European flights, it was proposed that waste could be classified into two categories: recyclable (plastic and aluminium packaging, paper, briki) and non-recyclable (organic matter, security seals, napkins, etc.). And on international flights to destinations where more advanced environmental regulations are required, the Zero Cabin Waste project has made it possible to recycle parts of the waste generated on international flights, demonstrating that it is possible to improve aviation waste management.

Proper and sustainable management of aviation waste would allow the idea of a circular economy to be applied on a large scale, since, thanks to the currently available technologies, non-recyclable waste, which is currently landfilled, can be transformed into SAF, thus allowing the sector to make a large-scale contributions to the sustainability of the environment.



More efficient ground operations

As of 2019, all electrical energy consumed at Iberia-owned facilities comes from 100% renewable sources. The environmental impact resulting from the use of this energy is zero, as the emission of greenhouse gases, such as CO2, is reduced to 0, contributing to the goals of decarbonisation and improvements in air quality.

In addition, in December 2021 together with Getting Greener, we started up the largest self-consumption plant amongst the Ibex 35 companies or groups, with the aim of generating 80 million kWh, equivalent to the consumption of 800 homes.

Specifically, this first self-consumption plant has been installed on the roof of the Engine Overhaul Shop, a 10,000 square metres solar field with a power output of 2,000 kWp that will produce around 2.7 million kWh/year, which means 32,000 tonnes less of CO2 during the lifetime of the project. The installation includes, 5,650 340Wp solar panel modules, 14 inverters, 6 km of aluminium piping, 11 km of aluminium and steel structures, 2,000 anchor points and more than 25 km of cable. In addition, Getting Greener has implemented a remote system to monitor the installation, giving real time access to information that can be shared with employees working in the buildings and with visitors who visit the facilities.

And with relation to the measures used to improve the efficiency of ground equipment, since 2015, 80% has been renewed, and of this, 40%, because of the type of model, has been converted to electric, allowing for a very significant reduction in emissions and fossil fuel consumption. In addition, two projects are being developed with the dual goal of reducing fuel consumption and atmospheric emissions: the catalytic converter (cleaner combustion) and telemetry (geolocation of the fleet to improve its efficiency).

Environmental indicators 2021

Iberia total

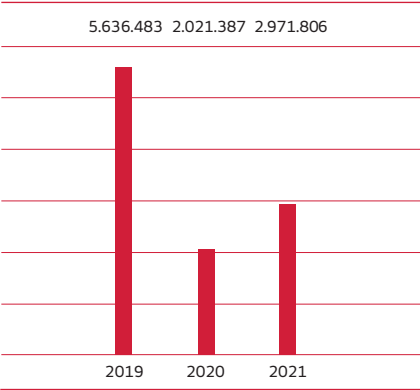
Scope 1

Direct emissions generated by all Iberia operations in 2021. Scope 1 emissions correspond to the direct emissions produced by the use of aircraft fuels, diesel, petrol, gas oil and natural gas.

Emission sources are aircraft engines, boilers, generators, and the engines of ground vehicles.

Direct emissions consumed by all Iberia operations in 2021.

Scope 1 (t CO2)



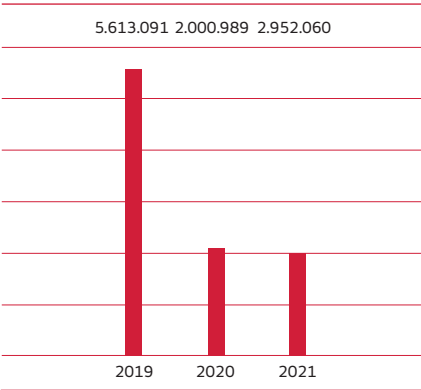
Flight emissions

Scope 1

In 2021, 99.3% of Iberia’s direct emissions corresponded to flight operations that used aviation kerosene as a combustion source (Jet A1-), and whose economical and technical advantages make the use of alternative sustainable fuels unfeasible to date.

Direct emissions from Iberia and Iberia Express, by use of kerosene.

Scope 1 vuelo (t CO2)



Within the franchise-type commercial agreement made with the airline Air Nostrum, 219,799 tonnes of CO2 have been emitted, which comes under Iberia’s Scope 3 flight emissions.

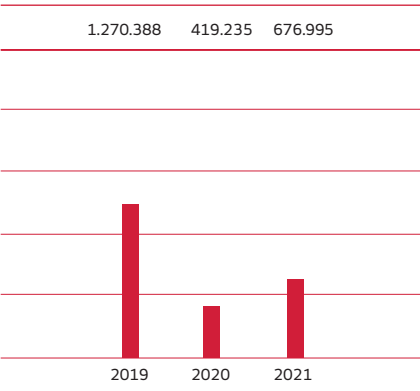
European Emissions Trading System

The European Union Emissions Trading System (EU-ETS) has been applicable to the aviation sector since 2012 (Directive (EU) 2008/101/EC).

Through this emissions system, the European Union has set an emissions cap or ceiling for the aviation sector using 2004-2006 as a reference period. The EU-ETS system applies today and until 2023 on all domestic flights and all flights between airports in the European Economic Area (EEA), excluding, in both cases, flights to and from the outermost regions (Regulation (EU) 2017/2392).

Each year, air operators must submit to the appropriate authorities (in the case of Iberia, to both the Ministry of Development and the Spanish Climate Change Office), an emissions report accrediting the emissions generated by flights subject to the EU-ETS system, them making an official surrender of emission allowances equal to the emissions generated.

EU-ETS t CO2)

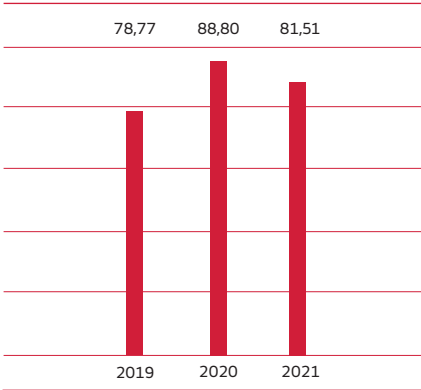


Flight emissions intensity (grCO2/pkm)

Flight emissions intensity, measured in grammes of CO2 per passenger per kilometre (grCO2/pkm), is a standard aviation industry indicator to measure the efficiency of a flight per passenger carried and kilometre travelled.

To calculate this, the total fuel consumption is divided by the total number of passengers per kilometre, taking that 10 tonnes per kilometre of cargo carried is equivalent to one passenger per kilometre.

Intensity of flight operations (grCO2/pkm)



The reduction in efficiency per passenger in 2020 was due to much lower occupancy rates due to the impact of COVID-19 on the sector. A small improvement in operations was detected in 2021 and efficiency per passenger is expected to return to pre-pandemic levels by 2022.z



Noise impact and air quality

ICAO chapter standards compare aircraft noise with standardised limits that arise from a combination of lateral, approach and flight sound levels. Higher standards are more stringent. Chapter 14 applies to new aircrafts certificated on or after 1 January 2017.

CAEP compliance for emissions NOx

	2019	2020	2021
CAEP 4	100%	100%	100%
CAEP 6	90%	90%	88%
CAEP 8	51%	59%	70%

The CAEP standards of the ICAO are for NOx emissions from aircraft engines. Higher standards are more stringent. CAEP 6 NOx standard applies to engines manufactured on or after 1 January 2008 and the CAEP 9 applies to engines manufactured on or after 1 January 2014.

Compliance with ICAO Noise Chapters

	2019	2020	2021
Chapter 3	100%	100%	100%
Chapter 4	100%	100%	100%
Chapter 14	41%	46%	37%

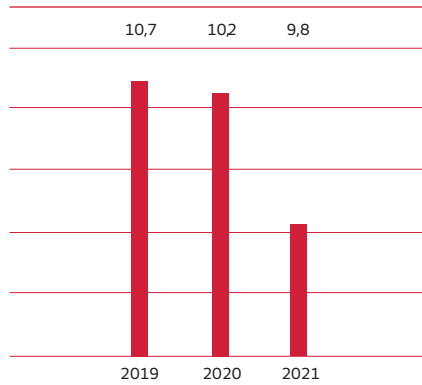
The reduction in the percentages, both for noise and NOx, is due to the decommissioning of less fuel-efficient older aircrafts, that eventhough complied with these standards, had an impact on the overall percentage of the fleet.

Average age of the fleet

Status as of 31 December 2021

In 2021, 5 aircraft were added to Iberia's fleet and 23 aircraft were retired, including 12 A340-600s.

Average fleet age



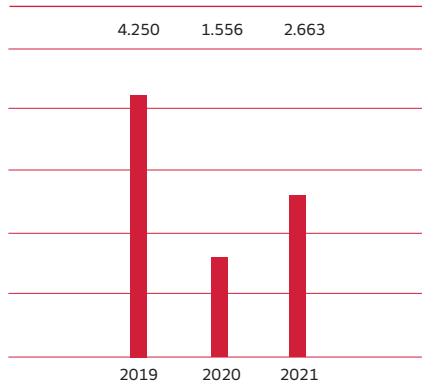
Scope 3

Scope 3 emissions correspond to indirect emissions generated by Iberia's activity, but which are not under its control. In this case, it corresponds to waste generated at the Iberia hub in Madrid.

Flight waste

Through the implementation of the Zero Cabin Waste project, 56.5%* of waste generated was recycled in 2021.

Catering waste (t)



* Currently, due to legal restrictions, only Category 3 waste can be recycled.

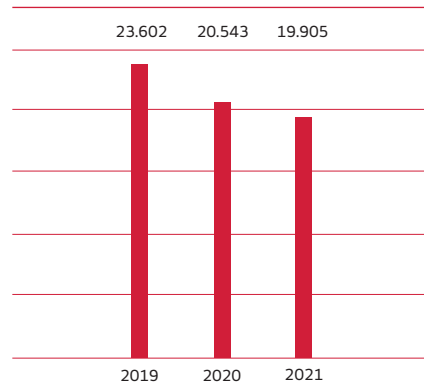
Ground emissions

Scope 1

These emissions derive from the use of diesel and natural gas boilers and generators, in addition to the emissions produced by gas oil, diesel, and petrol vehicles.

These emissions consist mainly of CO2, but other greenhouse gases, such as methane (CH4) and nitrogen oxides (NOx), which have an impact on air quality in the cities and airports where these types of activities takes place, are also included in the CO2 equivalent indicator.

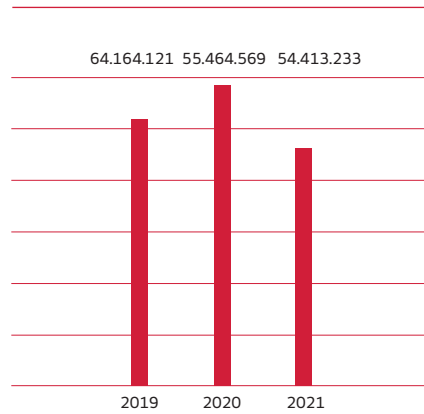
Scope 1 ground (t CO2 eq)



Scope 2

These emissions correspond to the indirect emissions derived from the consumption of electricity at the Iberia facilities.

Electricity consumption (kWh)

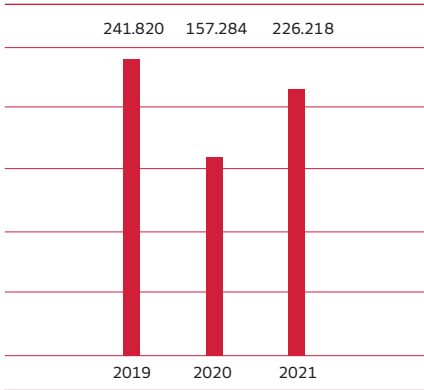


As Iberia consumes 100% renewable electricity, based on the carbon footprint of the national energy mix, it is estimated that in 2021 it will have avoided generating 8,162 tonnes of CO2.

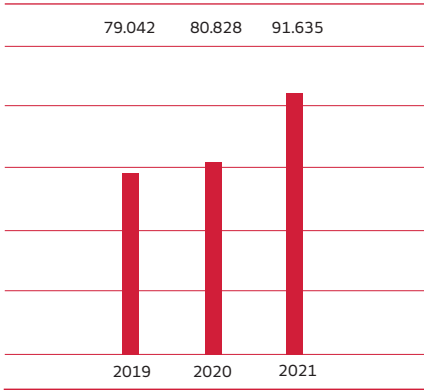
Scope 3

Scope 3 emissions correspond to indirect emissions generated by Iberia's activities, which are not under its control but are generated in its value chain.

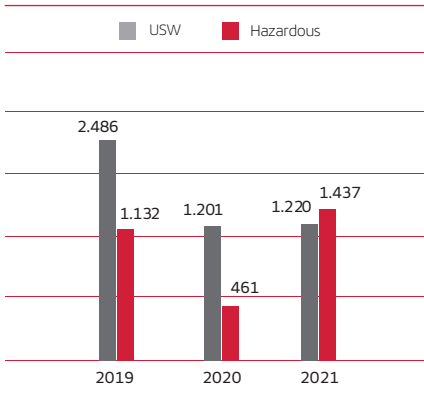
Water consumption (m3)



Wastewater (m3)



Urban Solid Waste (t) and Hazardous waste (t)



A note regarding the calculation of environmental indicators:

Iberia and Iberia Express operations are included in the reported KPI's.

To calculate Iberia's environmental impact, energy and fuel use is multiplied by conversion factors aligned with the the Fourth Assessment Report (AR4) of the United Nations Intergovernmental Panel on Climate Change (IPCC).

In this case, the conversion factors of the UK government's Department for Environment, Food and Rural Affairs (DEFRA) are applied as they are considered the most robust and reliable factors available, except for emissions within the EU-ETS scheme, which uses the emissions factor required by the scheme.



Customer Pillar

A more sustainable travel experience is one of the other most important commitments of the sustainability strategy. As always, Iberia continues to work on improving its services and products so that customers continue to have the same confidence. For this reason and over the last year, we have paid special attention in continuing to guarantee safety, hygiene, and preventive measures in relation to COVID-19, and in all aspects related to greater sustainability of products and services.

In addition, digital tools have been implemented throughout the travel process to help reduce the use of paper and offer a more sustainable travel experience. A large number of travel procedures can be carried out online, such as personal flight management, ticket purchasing, the issue of digital boarding passes and even boarding via facial recognition in some destinations. In addition, customers can check-in online.

The main actions developed in the last year had to do with the reduction of plastics, the recycling or reuse of the materials used, the reduction of waste and weight on board the aircraft, or the development of the CO2 calculator, allowing customers to calculate the carbon footprint of their journey:

- In VIP lounges, plastics have been eliminated from amenities and other products have been offered, reducing disposable material by 6.5 tonnes in addition 23.5 tonnes have resulted from the use of reusable packaging.
- On board, plastic packaging has been removed from toiletry bags, and a large part of the materials used by the catering service (cutlery, crockery, trays, etc.) are recyclable or reusable. These measures have resulted in a reduction of approximately 40 tonnes of plastics.
- With Deliverfly, the new catering service offered on short- and medium-haul flights (whereby customers can choose their menu in advance up to eight hours before their flight, if it originates in Madrid) we have managed to achieve a 30% reduction in in-flight waste. Another positive effect of this new service is that no unnecessary weight is loaded onto the aircraft, thus reducing fuel consumption and hence emissions.
- Another important impact in favour of sustainability has been the elimination of on-board paper, reducing waste by 650 tonnes per year. Instead, the services offered to customers are preferably digital: a digital press platform, PressReader, an online entertainment offer and digital menus.

To implement the sustainability strategy, the company relies on the commitment of its employees, whose dedication is vital to move forward. Proof of this commitment are initiatives such as the Iberia Forest and the Iberia volunteers' programme:

Iberia Forest

This reforestation project in the town of Paracuellos del Jarama (near Madrid airport) was promoted by the company's own employees, and stems from Iberia's dual commitment to contribute to the well-being of the communities in which it operates. In 2019, a group of employees, accompanied by the Chairman and the Management Committee, together with representatives of the Paracuellos Town Council, planted the first 1,500 trees, and today they continue to grow. In the coming year the Iberia Forest will have 4,000 trees of various native species such as willow, dogwood, rosemary, poplar, elm, juniper, holm oak and pine.

Iberia Volunteers

On the 5 of December 2021, Volunteer Day, Iberia launched the campaign "cada acción suma", with the aim of extending its volunteer programme, reinforcing the commitment of its workforce to vulnerable groups and humanitarian causes.

During the health crisis in 2020, Iberia initiated a volunteer programme in which more than 250 employees participated, collaborating with the Spanish Red Cross, the Spanish Food Bank Federation, the NGO Mano a Mano and Envera. In its 2021 edition, they were joined by Make-A-Wish, Juegaterapia and Nadiesolo. In addition, the ways of participating were modified, giving a greater weight to digital modes in order to adapt to the circumstances required by the current health and social situation.

Awareness and training in sustainability

Within the training and awareness-raising initiatives in sustainability, 2021 was noteworthy for the development of projects within the framework of the Cátedra Iberia: a collaboration agreement between Iberia and the Polytechnic University of Madrid (UPM) for the design and implementation of training, research, creation, and the spread of knowledge to seek solutions to decarbonise the air transport sector. These projects focus mainly on research into new materials to make our aircraft lighter, the development of new fuels to reduce emissions, and improving waste management systems.



With regard to future commitments and the value of the impact aviation activities have on the communities in which Iberia operates, the essential role played by the company in the repatriation and transportation of emergency teams during the pandemic, both across international routes and others within the country, should be highlighted.

Iberia has always been committed to the welfare of the communities in which it operates, directing its efforts to supporting disadvantaged children, child health, the integration of people at risk of exclusion, assistance in humanitarian emergencies and the development of the communities in the destinations in which it operates.

Initiatives on disadvantaged children and child health

Iberia collaborates with organisations such as the NGO Mano a mano in the transport of children who require urgent medical treatment, in the hauling of humanitarian aid, and in supporting NGO projects such as the Aula Iberia in Guatemala, or the project to supply water to a population in Morocco, both explained later in this same section.

The Sepla Ayuda foundation and the organisation Aviación Sin Fronteras are other organisations that receive Iberia's support in their education projects related to child health and integration, in African and Latin American countries.

Iberia has been collaborating with UNICEF since 2013; during this time, and thanks to the commitment of our customers, vaccines have been obtained for more than one million children in Angola, Chad, and Cuba.

Since 2001 Iberia has supported the mission, Make-A-Wish Spain, as their official carrier, and during this time more than 300 children, together with their families, have had their dreams come true.

Since 2016, more than 4,000 Baby Pelones dolls have been sold on board Iberia aircrafts, with all proceeds going to the Juegaterapia foundation.

In 2021, Iberia and Envera inaugurated the "jardín infantil Iberia" at the Envera Early Attention Centre. This innovative and inclusive space will allow children, regardless of their abilities, to play together in the same play area.

Integration of groups at risk of exclusion

Envera was created in 1977 by employees of Iberia with children with special needs, and aims to protect and integrate people with physical, mental and sensory disabilities, both socially and professionally. Each year, Envera cares for 1,500 people with functional diversity, has 330 placements in care services available, and provides employment for more than 650 people with disabilities. Iberia has been actively collaborating with this organisation for more than 40 years; in Envera's special employment centres, work is carried out for Iberia, in areas such as document management, aircraft linen laundry, or the inventory management of aircraft component warehouses, amongst others.

Iberia supports the work of Fundación Integra to help the most vulnerable people in society achieve labour integration, especially women victims of gender violence.

Development projects at Iberia destinations

In March 2017, Iberia and Mano a Mano inaugurated the "Aula Iberia" at the Centro Educativo Maya Kaqchikel Beleje Noj, in Guatemala. This schooling project, aimed at promoting employability within the community of Los Tunayes, in San Martín Jilotepeque, is the only secondary school in this rural region. Since then, each year 40 young people are trained in this educational centre, promoted by the Rural Community Development Association (ADECOR) and with the financial support of the NGO Mano a Mano, created by Iberia employees.

The NGO Mano a Mano, in collaboration with AMED (Mediterranean Association for the Development and Protection of the Environment), carried out a development project in Douar Afernou el Fouki, a rural area of Morocco in the province of Larache. The project consisted of the rehabilitation of two fountains and the construction of a reservoir and a water channel to the houses of the people in the area, as well as the construction of community ovens that allow for ecological cooking and from where the 255 people that make up this community can benefit. The financing of these infrastructures has been possible thanks to the proceeds raised through the solidarity auction of the Iberia Meninas that were part of the "Meninas Madrid Gallery" exhibitions in 2018 and 2019.

Assistance in emergency situations

The eruption of the Cumbre Vieja volcano on La Palma, triggered another collaboration between Iberia and Iberia Express with the NGO Mano a Mano, making several shipments of almost 5 tonnes of humanitarian aid to those affected in the area.

Transportation of organs for transplant

National Transplant Organisation (ONT): The collaboration between Iberian and ONT highlights the importance of our activities and its high social impact because, it saves lives by guaranteeing that organs arrive on time. We achieved this even throughout the pandemic. Since 2013, the companies of the Iberia Group have transported more than 700 organs, which clearly explains the importance of this alliance to continue the chain of life that is the National Donation and Transplant Programme.

The importance of aviation and the benefits that its activities have on the well-being of society has been clearly demonstrated not only by transporting organs during the pandemic but also by supplying medical and emergency equipment, undertaking repatriation flights, and transporting vaccines.

To this valuable contribution we have to add the selflessness of the employees that have taken part in helping people in need through our successful volunteer programme.

Repatriation flights

The airline has continued repatriation flights from countries such as Nepal, Morocco and Venezuela and, throughout the pandemic, it has made around 70 repatriation flights to more than 20 countries to facilitate the return home of its customers.

Vaccine transport

In 2021, Iberia - together with IAG Cargo (the cargo handling division of the IAG Group) - transported almost 6 million COVID-19 vaccines to destinations such as the Canary Islands, Balearic Islands and Melilla in Spain, and to El Salvador, Mexico, Chile, Dominican Republic, Ecuador, Uruguay and Peru in Latin America.

Iberia Volunteers

During the 2020 health crisis, Iberia initiated a volunteer programme in which more than 250 employees participated, collaborating with the Spanish Red Cross, the Spanish Food Bank Federation, the NGO Mano a Mano and Envera. In its 2021 edition, they were joined by Make-A-Wish, Juegaterapia and Nadiesolo. In addition, the ways of participating were modified, giving a greater weight to digital modes in order to adapt to the circumstances required by the current health and social situation. Due to the success of the programme on the 5 of December 2021, Volunteer Day, Iberia launched the campaign "cada acción suma", with the aim of extending its volunteer programme, reinforcing the commitment of its workforce to vulnerable groups and humanitarian causes. In addition, the forms of participation were adapted, giving a greater weight to digital modes in order to adapt to the circumstances required by the current health and social situation.

The reinforcement of the sustainability strategy has added a line of work to the social impact pillar connected to the creation of the Cátedra Iberia, through which research projects are being developed to strengthen collaboration with Spanish universities. This alliance not only generates interesting results derived from research, but also enriches the training of young people by putting their knowledge into practice and highlights the natural and necessary connection between business and science, generating wealth for society in general.

Adherence to initiatives

Iberia is a member of the following national and international initiatives, which serve as a permanent benchmark in its sustainability strategy:

- The United Nations Global Compact (Iberia, along with 13 other companies in the tourism sector, participates in the workgroup for responsible tourism, which is coordinated by the Spanish Global Compact Network).
- The Spanish Green Growth Group.
- The Fundamental Principles of the International Labour Organisation.
- The OECD Principles of Corporate Governance.
- The Companies for a Society Free from Gender-based Violence, a Ministry of the Presidency, Parliamentary Relations, and Equality initiative.
- The Global Code of Ethics for Tourism (UNWTO).
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- The United for Wildlife Transport Taskforce Buckingham Palace Declaration.




Materiality analysis.

Interest Groups	General Aspect	Specific Aspect	Section CR Report
Clients	Product responsibility.	- Products and service categories where safety and health impacts are evaluated. - Customer satisfaction surveys.	Iberia company profile > 2019 in figures > Financial results - Iberia company profile> 2019 in figures > Activity - Iberia company profile > 2019 in figures > Quality of service.
		- Iberia's economic performance. - Presence/weight of the company in the market. - Development of investments and indirect economic impacts.	2019 in figures > Economic results.
	Employees.	- Training programmes for employees.	Iberia Profile > 2019 in figures > Training.
Society	Environment.	- CO2 and other pollutant emissions. - Dumping and waste generation. - Our products and services. - Fines and penalties for environmental non-compliance.	Sustainable performance > Environmental indicators.
		- Categories of products and services where safety and health impacts are assessed.	Government and stakeholders.
	Employees.	- Employees (recruitment, benefits, social benefits...) - Labour relations between the company and employees. - Workforce composition (diversity and equal opportunities).	Perfil de Iberia >2019 en cifras > Resultados económicos - Perfil de Iberia >2019 en cifras > Actividad - Perfil de Iberia >2019 en cifras > Calidad del servicio.
Media and society in general.	Product responsibility.	- Categories of products and services where safety and health impacts are assessed. - Customer satisfaction surveys. - Products subject to public debate or banned - Substantiated complaints regarding customer privacy and data.	2019 in figures > Economic results.
		- Iberia's economic performance. - Presence/weight of the company in the market. - Development of investments and indirect economic impacts.	2019 in figures > Economic results.
	Environment.	- Impacts of our operations on biodiversity. - CO2 and other polluting emissions. - Dumping and waste generation. - Our products and services (environmental impacts). - Environmental assessment of suppliers.	Iberia Profile > 2019 in figures > Training.

Interest Groups	General Aspect	Specific Aspect	Section CR Report
Society	Society.	<ul style="list-style-type: none"> - Centres with development programmes for the local community. - Social impact assessment of suppliers. 	Sustainable performance > Social Sustainability.
NGOs and social organizations.	Human Rights.	<ul style="list-style-type: none"> - Agreements and contracts with human rights clauses. Human rights and employee training in this area. - Operations and suppliers at risk in terms of child labour. 	Government and stakeholders > Human Rights.
	Employees.	<ul style="list-style-type: none"> - Training programmes for employees. 	Iberia Profile > 2019 in figures > Training.
Regulator		<ul style="list-style-type: none"> - Complaints and claims in environmental matters. - Labour complaints mechanisms. - Human rights complaints through formal complaint mechanisms. - Significant fines and sanctions for legal violations. - Fines and sanctions in relation to the supply and use of the supply and use of the company's products. 	Various.
Public Administrations, AENA, Civil Aviation, ICAO, IATA, national and local governments.	All.		
Employees		<ul style="list-style-type: none"> - Employees (recruitment, benefits, social benefits...) - Labour relations between company and employees. - Employee health protection and operational safety. - Training programmes for employees. - Workforce composition (diversity and equal opportunities). 	Iberia profile > 2019 in numbers > Workforce - Iberia Profile > 2019 in numbers > Diversity and Equal Opportunities - Iberia > 2019 in numbers > People with disabilities - Iberia profile > 2019 in numbers > Health and safety - Iberia's profile > 2019 in numbers > Recruitment and talent.
Partnerships and alliances.	Employees.		
	Corporate governance.	<ul style="list-style-type: none"> - Company management - Decision-making system. 	Governance and Stakeholders > IAG-Iberia Governance Structure.
Suppliers	Economic aspects.	<ul style="list-style-type: none"> - Iberia's economic performance. 	2019 in figures > Economic results
Suppliers and Subcontractors.	Environment.	<ul style="list-style-type: none"> - Environmental assessment of suppliers. 	Government and stakeholders > Responsible procurement.
Shareholders	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. - Presence/weight of the company in the market. - Development of investments and indirect economic economic impacts. 	2019 in figures > Economic results.
IAG Group shareholders. Market analysts.	Environment.	<ul style="list-style-type: none"> - Energy consumed in the development of operations. - Water consumed and recycled. - Impacts of our operations on biodiversity. - CO2 and other pollutant emissions. - Discharges and waste generation. - Our products and services (environmental impacts). 	Sustainable performance > Environmental indicators.
	Society.	<ul style="list-style-type: none"> - Centres with development programmes for the local community. - Measures taken by Iberia to fight against corruption. 	Performance or sustainability > Social Sustainability - Governance and stakeholders > Anti-corruption policy.



CHAP 08



From the Sustainability Department we would like to thank everyone who collaborated in the preparation of this report, without their help it would not have been possible, because together we all make Iberia sustainable.

Sustainability report *two thousand and twenty one*

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At Iberia we have been flying since 1927 to bring people together, to connect stories and cultures, to make big and small dreams come true. And we do all of this with the consideration of reducing our environmental impact and to support the progress of the communities in which we operate.