

# Annual Corporate Governance Report 2024



# Contents

This Annual Corporate Governance Report is part of the Company's Management Report for the year ended 31 December 2024. It has been prepared in accordance with Circular 3/2021, of 28 September, of the Spanish Comisión Nacional del Mercado de Valores (CNMV), that established the templates for the Annual Corporate Governance Report for listed companies.

In accordance with Circular 3/2021, of 28 September, of the Spanish CNMV, the Company has also prepared a statistical annex which has been published together with the annual corporate governance report, and which form part of the Management Report.

This Annual Corporate Governance Report contains the following sections:

1	Chairman's introduction to corporate governance
3	Board of Directors

## General

6	Application of governance codes
7	Governance framework
9	Board composition
16	Board and committee meetings
17	Board activities
17	Board information and training
17	Board induction
18	Board and committee evaluation
18	Directors' disclosure duties, conflicts of interest, and related party transactions
19	Shareholders

## Other statutory information

19	Shares issues, buy-backs and treasury shares
19	Company's share capital
19	Capital structure and shareholder rights
20	Directors' and Officers' liability insurance
20	Shareholders' Meeting
20	Information obligations
20	Limitations to the ownership of shares
20	Impact of change of Control
21	Report of the Nominations Committee
25	Safety Environment and Corporate Governance Committee
29	Report of the Audit and Compliance Committee
38	Report of the Remuneration Committee
62	Risk control and management systems
81	Internal control over financial reporting

Auditors report

Statistical annex to the annual Corporate Governance Report of Listed Public Limited Companies

In relation to the template for the Annual Corporate Governance Report established in Annex I, Appendix II, of the CNMV Circular 3/2021, the Company advises that it has not included in this report information on sections A.4, A.6, A.13, C.1.8, C.1.20, C.1.22 and C.1.37 as these matters are not applicable to the Company in its current circumstances.





“We remain committed to our purpose of connecting people, businesses and countries, while maximising our shareholders’ returns and balancing the interests of our stakeholders.”

I am pleased to present IAG's 2024 Corporate Governance Report. The purpose of this report is to explain IAG's corporate governance framework and how it was applied during 2024, and the role and work of the Board during the year.

As explained in the introduction to this annual report, 2024 was a year of strong financial performance for the Group. Our good results have enabled us to deliver returns to our shareholders while balancing the interests of all our stakeholders.

The interests of shareholders continued to be at the forefront of the Board's considerations during the year. The Board maintained an active dialogue with shareholders and investors. Positive feedback was received during the year on the Group's progress against the strategy set out at the 2023 Capital Markets Day (CMD).

Our sustainability endeavours have also remained part of our core strategy, supported by the Safety, Environment and Corporate Responsibility Committee's work. The Board has sought to balance the corporate interests with those of our employees, suppliers, customers and other stakeholders, while taking into consideration the impact of its activities on the community and the environment. Sustainability issues have been at the forefront of the Board's activities this year, both from a strategic and investment perspective and in terms of the Company's readiness to report under the new requirements of the CSRD.

Our focus in the year ahead will continue to be on supporting management in the execution of our strategy and Group-wide transformation programme to deliver sustainable growth and returns, and on strengthening our culture and shared values, always guided by our conviction that we make a positive contribution to the economies and communities we serve.

### **Board composition**

Giles Agutter stepped down from the Board at the 2024 Annual Shareholders' Meeting held in June. I thank him for his commitment and contribution during his years of service as a director of the Company.

To fill this vacancy, Bruno Matheu was appointed as a proprietary non-executive director at the proposal of Qatar Airways, our largest shareholder. Bruno brings considerable expertise in the global aviation industry, particularly in the areas of planning, commercial and bilateral and multilateral cooperation, as well as extensive experience in global board positions in the travel industry, technology, education and sport.

Bruno Matheu was also appointed to the Safety, Environment and Corporate Responsibility Committee, where we believe he can make a valuable contribution.

### **Management changes**

In 2024, the Board oversaw a number of key appointments, which show the strength of our succession planning and leadership pipeline. In February, Marco Sansavini was appointed as the Chair and CEO of Iberia, replacing Fernando Candela, who retired in September. Fernando had a long career with the Group and I would like to take this opportunity to acknowledge his contribution to IAG.

As a consequence of Marco's move, we appointed Carolina Martinoli as the Vueling Chair and CEO, an executive with a long and broad career in the Group, moving from her most recent role as IAG Chief People, Corporate Affairs and Sustainability Officer.

### **Culture and diversity**

In 2024, we continued to focus on people and culture in our oversight, supporting management's attention to investing in careers and development, as well as in achieving our diversity and inclusion ambitions, all with a view to building a healthy organisational culture that supports our ambition and transformation and aligns to our core values of ambition, teamwork, innovation, pragmatism, efficiency and responsibility.

Again this year we completed a very extensive workforce engagement programme, the results of which were presented to the Board at its December meeting. This feedback provides valuable input to the decision-making process on people and culture strategies and organisational transformation.

Additionally, the Board was regularly informed about the initiatives of each operating company with respect to its people. A session at the annual Board strategy meeting was devoted to the people and culture strategy.

The Board supports diversity in a broader sense, taking into account various factors to optimise the composition of the Board. It ensures compliance with all regulatory requirements, including the need for more than half of the Board to be independent EU nationals.

Female directors continue to represent 45% of the Board and 63% of the independent non-executive directors (including the Chairman). In addition, one member of the Board is from an ethnic minority background.

Our focus remains on improving the bench strength and the diversity of both senior leaders and Board members through active succession planning and talent management. We are satisfied that the Board continues to meet the proportion of women on boards and ethnic diversity as set out in the European and Spanish standards as well as in the UK listing rules.

### **Board evaluation**

An internal evaluation of the Board was conducted this year, since the last external review was completed in 2022. This evaluation was led by me, with the support of the Board secretariat, and the results and the action plan to address the matters raised were discussed at the November Board meeting.

The Board is satisfied with the progress made during the year against the actions agreed for 2024. Key highlights have been the strong working relationship between management and the Board, the significant progress made on business transformation and the increased focus on people and culture. Further details of this process are provided later in this report.

### **Update to the Board regulations**

On 27 February 2025, the Board approved a review of its Regulations and those of its advisory committees. The purpose of this review was to update these charters and bring them into line with the latest developments in corporate governance, namely the approval in Spain of the CNMV Technical Guide on Audit Committees and the approval in the UK of the 2024 revision of the Corporate Governance Code. In addition, the Board agreed that the oversight of the safety risk management framework of each of the Group's airlines, together with the overall oversight of the Group's enterprise risk management framework, will be the responsibility of the Audit and Compliance Committee, so that this Committee has an overall view of the Group's risk management. As a result, the Board agreed that the Safety, Environment and Corporate Responsibility Committee will continue as the Environmental and Corporate Responsibility Committee. The new Board and Committee Charters are available on the Company's website.

### **Looking ahead**

The Board is dedicated to maintaining high standards of corporate governance, ensuring we create long-term sustainable value for our shareholders while balancing the interests of all our stakeholders. Our strong and effective governance processes are fundamental to our ability to uphold our values and execute our strategy.

IAG's employees are the core of our business. I would like to once again express our sincere gratitude for their efforts and dedication during the year. Additionally, I extend my thanks to my fellow Board members for their ongoing support and commitment throughout this period.

**Javier Ferrán**  
Chairman



# Our Board of Directors



**1. Javier Ferrán**  
Chairman



**2. Luis Gallego**  
Chief Executive Officer



**3. Heather Ann McSharry**  
Senior Independent Director



**4. Peggy Bruzelius**  
Non-Executive Director



**5. Eva Castillo**  
Non-Executive Director



**6. Margaret Ewing**  
Non-Executive Director



**7. Maurice Lam**  
Non-Executive Director



**8. Bruno Matheu**  
Proprietary Director



**9. Robin Phillips**  
Proprietary Director



**10. Emilio Saracho**  
Non-Executive Director



**11. Nicola Shaw**  
Non-Executive Director

## 1. Javier Ferrán <sup>N</sup>

### Key areas of experience:

Consumer, finance, sales/marketing, governance.

### Current external appointments:

Chairman, Casa Optima SPA. Managing Partner, Terlos LLP.

### Previous relevant experience:

Chairman, Diageo Plc. 2017-2025. Non-executive director, Coca Cola European Partners Plc 2016-2020. Chairman of Supervisory Board, Picard Surgelés 2010-2020. Member, International Advisory Board ESADE 2005-2019. Non-executive director, Associated British Foods plc 2005-2018. Non-executive director, Desigual SA. 2014-2017. Non-executive director, SABMiller plc 2015-2016. Vice Chairman, William Grants & Sons Limited 2005-2014. Non-executive director, Louis Dreyfus Holdings BV 2013-2014. Non-executive director, Abbott Group 2005-2008. Non-executive director, Chupa Chups SA 2000-2003. Partner, Lion Capital LLC 2005-2018. President EMEA, President and CEO, Bacardi Group 1992-2004.

## 2. Luis Gallego

### Key areas of experience:

Airline industry, general management.

### Current external appointments:

Member of the Board of Governors and Member of the Chair Committee, IATA.

### Previous relevant experience:

Chairman and CEO, Iberia 2013-2020. CEO, Iberia Express 2012-2013. Chief Operating Officer, Vueling 2009-2012. Founder of Clickair 2006-2009.

## 3. Heather Ann McSharry <sup>N</sup> <sup>R</sup>

### Key areas of experience:

General management, pharmaceuticals/health care, financial services, consumer products, food and construction industry sectors, governance.

### Current external appointments:

Non-executive director, Chair of Nominations and Governance Committee, Jazz Pharmaceuticals Plc.

### Previous relevant experience:

Non-executive director, CRH plc 2012-2021. Non-executive director, Greencore plc 2013-2021. Non-executive director, Uniphar Plc 2019-2020. Non-executive director, Bank of Ireland Plc 2007-2011. Chairman, Bank of Ireland Pension Fund Trustee Board 2011-2017. Managing Director, Reckitt Benckiser Ireland 2004-2009. Managing Director, Boots Healthcare Ireland 1998-2004.

## 4. Peggy Bruzelius <sup>A</sup> <sup>N</sup>

### Key areas of experience:

Financial services, corporate finance.

### Current external appointments:

Non-executive director, Orrön Energy AB. Chair, Lancelot Holding AB. Member, the Royal Academy of Engineering Sciences.

### Previous relevant experience:

Non-executive director, Skandia Mutual Life Insurance 2012-2022. Non-executive director, Lundin Energy AB 2012-2022. Chair, Swedish National Agency for Higher Education 2008-2011. Member Board of Trustees, Stockholm School of Economics 2000-2011. Various Corporate Boards, Trygg Hansa Liv AB, Celsius AB, AB Ratos, Scania AB, The Body Shop Plc, Axel Johnson AB, Axfood AB, Husqvarna AB 1992-2019. Senior Independent Director, AB Electrolux 1996-2012. Non-executive director, Syngenta AG 2001-2014. Non-executive director, Diageo plc 2009-2018. Non-executive director, Akzo Nobel nv 2007-2019. Executive Vice President, Head of Asset Management Skandinaviska Enskilda Banken 1997-1998. CEO, ABB Financial Services AB 1991-1997.

## 5. Eva Castillo <sup>A</sup> <sup>R</sup>

### Key areas of experience:

Financial sector, telecoms sector.

### Current external appointments:

Non-executive director, Caixabank. Trustee of the Council for Economy of the Holy See (Vatican), Trustee of the Board of the Comillas ICAI Foundation. Member of Entreculturas Foundation. Member of Advantere School of Management.

### Previous relevant experience:

Non-executive director, Zardoya Otis 2019-2022. Non-executive director, Bankia 2012-2021. Chair Telefónica Deutschland AG. 2012-2018. Non-executive director, Telefónica, S.A. 2008-2018. Non-executive director VISA Europe Plc 2014-2017. President and CEO, Telefónica Europe 2012-2014. Non-executive director, Old Mutual Plc 2011-2013. President and CEO Merrill Lynch Capital Markets, Spain 1999-2006. President and CEO, Merrill Lynch, Wealth Management EMEA 2006-2009.

## 6. Margaret Ewing <sup>A</sup> <sup>N</sup>

### Key areas of experience:

Professional services, financial accounting, corporate finance, strategic and capital planning, corporate governance, risk management.

### Current external appointments:

Senior Independent Director and Chair of the Audit and Risk Committee, ConvaTec Group Plc. Non-executive director and Chair of the Audit and Risk Committee, ITV Plc.

### Previous relevant experience:

Trustee and Chairman of the Finance and Audit Committee, Great Ormond Street Hospital Children's Charity 2015-2020. Non-executive director, Standard Chartered Plc 2012-2014. Independent external member of the Audit and Risk Committee, John Lewis Partnership Plc 2012-2014. Non-executive director, Whitbread Plc 2005-2007. Vice Chairman, Managing Partner, Public Policy, Quality and Risk and London Practice Senior Partner, Deloitte LLP 2007-2012. Director of Finance, BAA Ltd 2006 and Chief Financial Officer, BAA PLC 2002-2006. Group Finance Director, Trinity Mirror PLC 2000-2002. Partner, Corporate Finance, Deloitte & Touche LLP 1987-1999.

	Committee Chair
	Audit and Compliance Committee
	Nominations Committee
	Remuneration Committee
	Safety, Environment and Corporate Responsibility Committee

## 7. Maurice Lam

### Key areas of experience:

Professional services, financial accounting, audit and compliance in the banking industry.

### Current external appointments:

Independent Director, Chairman of the Audit Committee and Member of the Board Risk Committee, Bank of China (Europe) S.A. Independent director and Chairman of the Audit & Compliance Committee of Banque Internationale à Luxembourg S.A.

### Previous relevant experience:

Independent Director, Chairman of the Audit Committee and Member of the Board Risk Committee of Quintet Private Bank (Europe) S.A. 2015-2020. Member of the Board of Directors of LuxConnect S.A., a Luxembourg State owned Company, acting as a business enabler in the ICT market 2013-2016. Independent Director, Generali Fund Management S.A. 2013. Deloitte Luxembourg, Managing Partner and CEO, 2000-2010, Head of Audit 1993-2000, Audit Partner, Financial Services 1988-1993 ; Deloitte & Touche UK 1979-1985.

## 8. Bruno Matheu

### Key areas of experience:

Airline industry and transportation, marketing.

### Current external appointments:

Founder and President, BLM Consulting. Senior Advisor Boston Consulting Group. Director, Transat A.T. inc..

### Previous relevant experience:

CEO, Airline Equity Partners – Etihad Aviation Group, 2014-2017. Member of the boards of Virgin Australia and Air Seychelles, 2014-2017. Chief Officer Long-Haul Business Unit, Air France, 2013-2014. EVP Marketing, Revenue Management & Network, Air France – KLM, 2004-2012. Member of the Group Executive Committees Air France – KLM, 2004-2012. Chairman, Commercial Committee Air France – KLM, 2004-2012. Co-Chairman, Joint Ventures with Delta Airlines, China Eastern and China Southern, 2004-2012. Non-executive director, Air France, Alitalia, CityJet, Amadeus, Ecole Centrale, 2004-2012.

## 9. Robin Phillips

### Key areas of experience:

Finance, airline industry and transportation.

### Current external appointments:

Chairman, Development Funding Board, Pancreatic Cancer UK. Senior Advisor, Circadence Corporation (US). Board member, IR – Scientific (Canada).

### Previous relevant experience:

Global Head/Co-Head of Corporate and Investment Banking, Head of Global Banking and Markets (Hong Kong), Group Head Climate Committee, Head of Global Industries Group, Head of Transport, Services and Infrastructure, HSBC 2003-2019. Global Co-Head of Transport & Infrastructure Group, Citigroup 1999-2003. Executive Director, Transportation and Aviation Investment Banking, UBS Warburg 1992-1999. Assistant Director, Capital Markets, Kleinwort Benson 1985-1991.

## 10. Emilio Saracho

### Key areas of experience:

Banking, corporate finance, investment management.

### Current external appointments:

Senior Advisor, Altamar Capital Partners.

### Previous relevant experience:

Non-executive director, Inditex 2010-2023. Chairman, Banco Popular Español 2017. Vice Chairman and Member Investment Banking Management Committee, JP Morgan 2015-2016. Deputy CEO EMEA 2012-2015, Co-CEO Investment Banking for EMEA 2009-2014, JP Morgan. CEO, JP Morgan Private Banking for EMEA 2006-2008. Director, Cintra 2008. Director, ONO 2008. Chairman, JP Morgan Spain & Portugal 1998-2006. Global Investment Banking Head, Santander Investment (UK) 1995-1998. Head Corporate Finance Iberia, Goldman Sachs International 1990-1995.

## 11. Nicola Shaw

### Key areas of experience:

Transport sector, public policy and regulatory affairs, consumer, safety and environment, operational management.

### Current external appointments:

Chief Executive, Yorkshire Water.

### Previous relevant experience:

Executive Director, National Grid plc 2016-2021. Non-Executive Director Ellevio AB 2015-2017. CEO, HS1 Ltd 2011-2016. Non-Executive Director, Aer Lingus Plc 2010-2015. Director and previously other senior positions FirstGroup plc 2005-2010. Director of Operations and other management positions Strategic Rail Authority 2002-2005. Deputy Director and Deputy Chief Economist, Office of the Rail Regulator (ORR) 1999-2002.

	Committee Chair
	Audit and Compliance Committee
	Nominations Committee
	Remuneration Committee
	Safety, Environment and Corporate Responsibility Committee

# Corporate Governance

## Statement of compliance with applicable corporate governance codes

IAG is incorporated and listed in Spain and is subject to Spanish legislation and corporate governance requirements, including the requirement to report on its compliance with the Spanish Good Governance Code of Listed Companies, last updated and published by the Spanish Comisión Nacional del Mercado de Valores (CNMV) in June 2020, and available on its website ([www.cnmv.es](http://www.cnmv.es)).

IAG is also listed on the London Stock Exchange and is subject to the UK Listing Rules, including the requirement to explain whether it complies with the UK Corporate Governance Code published by the UK Financial Reporting Council (FRC). A copy of the version of the UK Corporate Governance Code applicable to this reporting period (updated and published in July 2018)

is available on the FRC's website ([www.frc.org.uk](http://www.frc.org.uk)). In addition, the current applicable version of the Code, which was published in January 2024 and applies to financial years beginning on or after 1 January 2025, is available on the FRC's website.

IAG has prepared a consolidated Corporate Governance report responding to both Spanish and UK reporting requirements, which is available separately on the Company's website ([www.iairgroup.com](http://www.iairgroup.com)) and on the CNMV website ([www.cnmv.es](http://www.cnmv.es)). Pursuant to the CNMV regulations, this report has been filed with the CNMV accompanied by a statistical annex covering some legally required data. At the same time, this Corporate Governance report forms part of the IAG Management report for the year 2024.

In addition, and as required by the UK Listing Rules, this report includes an

explanation regarding the Company's application of the principles of the UK Corporate Governance Code and how it has complied with the Code's supporting provisions during the year. Details of where key information can be found are provided below.

During 2024, IAG fully complied with all applicable recommendations of the Spanish Corporate Governance Code; even though the Company acknowledges that, due to legal and regulatory requirements applicable to the aviation sector, the Company's Bylaws contain certain share ownership restrictions that are contrary to the provisions of the first recommendation of the Spanish Code.

The Company confirms that it applied the principles and complied with all the provisions of the UK Corporate Governance Code in the reporting period.

## Applying the principles of the UK Corporate Governance Code

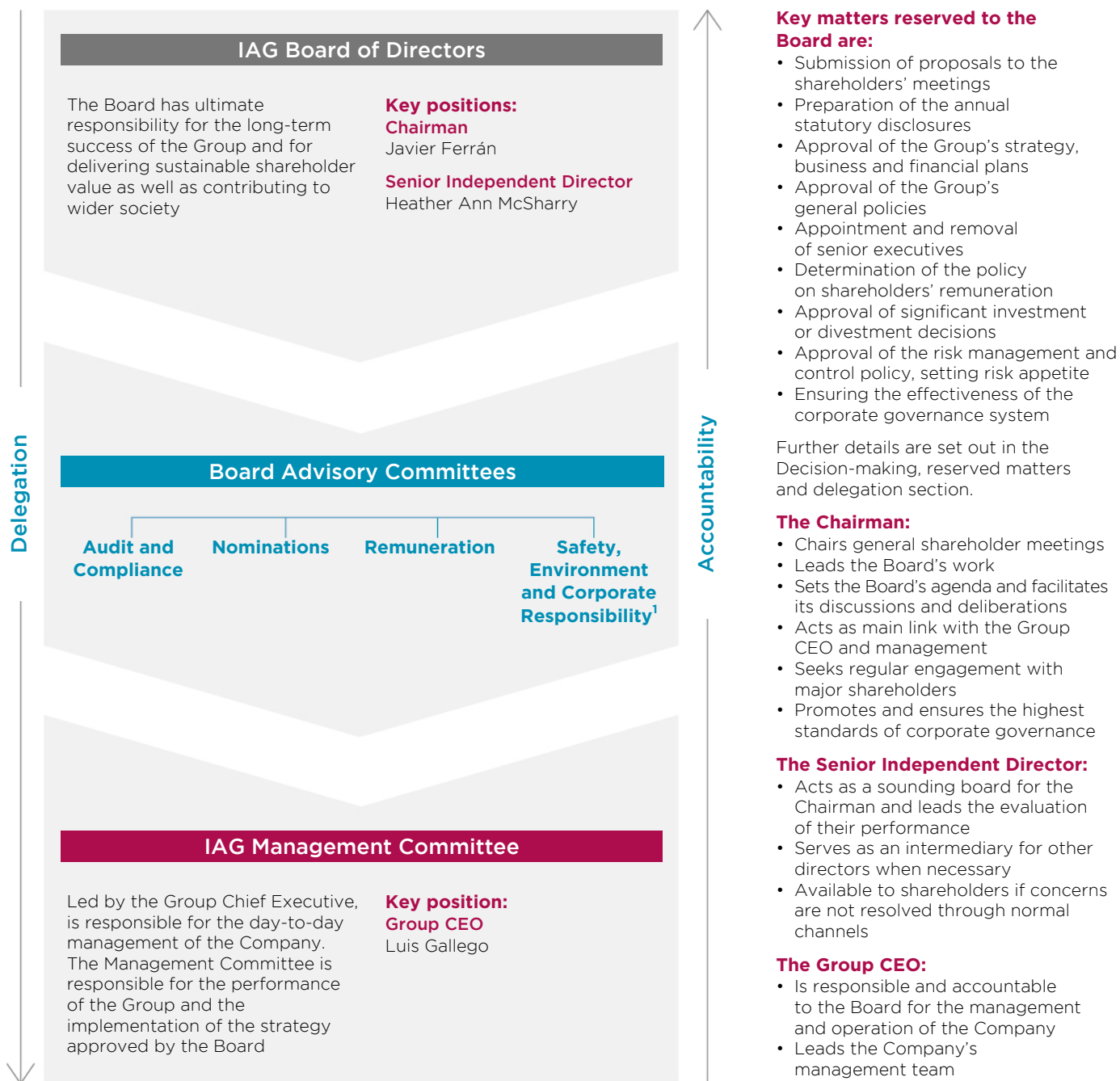
<b>Board leadership and company purpose</b>	Page
Chair's introductory statement	92-93
Board leadership and company purpose	102
Corporate culture	102
Investment in the workforce	102
Board activities	108
How the Board considers stakeholders' interests	103-107
Board decisions, corporate interest and stakeholders	104
Section 172 statement	103
Whistleblowing	71, 122, 125
Conflicts of interest	109
<b>Division of responsibilities</b>	Page
Governance framework and Group structure	98-99
Board of Directors: division of responsibilities	98-99
Board and Committee meetings	107
Directors' independence	100, 114
Board and Committee attendance during 2024	107

<b>Composition, succession and evaluation</b>	Page
Board biographies	94-96
Board composition	100-101
Nominations Committee report	112-115
Appointment, re-election, resignation and removal of directors	100, 114
Board evaluation	109
<b>Audit, risk and internal controls</b>	Page
Audit and Compliance Committee report	120-128
Fair, balanced and understandable confirmation	111, 122, 124
Confirmation reassessment of emerging and principal risks	74
Risk management and internal control	72-74
Principal risks and uncertainties	75-87
<b>Remuneration</b>	Page
Remuneration Committee Chair's statement	129-131
Directors' Remuneration report	132-152
Alignment with Provision 40	135

Page numbers refer to the Annual Report and Accounts 2024 which can be found in the Financial Reporting section of our website.



## IAG governance framework and division of responsibilities



The corporate governance framework was last approved by the Board on 27 February 2025.

<sup>1</sup> From 27 February 2025, the Environment and Corporate Responsibility Committee.

## Group structure

As the Group's parent company, IAG is responsible for managing and allocating capital, driving overall Group performance and setting the agenda for sustainability and innovation.

Each operating company is fully accountable for its own performance, is commercially and operationally independent, has its own customer value proposition and its own relationship, people and stakeholder management.

There is active engagement and collaboration between the Group's operating companies, facilitated by the parent company, so that ideas and expertise can be shared and progress tracked where necessary. In this context, the parent company sets the ambition, drives the management and pipeline of top talent, promotes the sustainability agenda, facilitates the capture of synergies, drives innovation and provides centres of excellence to facilitate the sharing of best practice.

Further details on the Group structure can be found in the Business model section within the Strategic report.

## Board of Directors: division of responsibilities

The IAG Board is responsible for establishing the Company's purpose, values and strategy, promoting its culture, overseeing the business and its performance, as well as for the Group's long-term sustainable success. As stated in the Board Regulations, which are available on the Company's corporate website ([www.iairgroup.com](http://www.iairgroup.com)), the Board endeavours to reconcile the corporate interest with the legitimate interests of employees, suppliers, customers and other affected stakeholders, while also taking into consideration the impact of its activities on the community as a whole and on the environment. Examples of this long-term focus and consideration of stakeholders' interests are discussed further in this report and in the Stakeholder engagement section.

Consistent with its governance role, the Board of Directors retains a schedule of matters reserved for its decision, as detailed in article 3.4 of the Board Regulations. This schedule of reserved matters was reviewed at the Board meeting held on 27 February 2025 (available on the corporate website).

The Board has four advisory committees that provide dedicated focus on a number of areas. Each Board committee comprises non-executive directors only and has an experienced independent non-executive chair. Copies of the minutes of all committees' meetings as well as the documents distributed ahead of each committee meeting are made available to all Board members.

The different Board positions and their respective responsibilities are detailed in the Board Regulations as amended on 27 February 2025 (available on the corporate website). The Board also has separate regulations for each of the Board committees, which were reviewed as part of the governance review completed in February 2025. These regulations are also available on the corporate website. The roles, membership and activities of these committees during 2024 are described in the individual reports within this Corporate Governance report.

There is a clear separation of the roles of the Chairman and the Group CEO, their main responsibilities are established in articles 5 and 6 of the Board Regulations. The Chairman is responsible for the operation of the Board and for its overall effectiveness in directing the Company. The Group CEO and his management team are responsible for the day-to-day management and performance of the Group and for the implementation of the strategy approved by the Board.

All the powers of the Board have been permanently delegated to the Group Chief Executive save for those that cannot be delegated pursuant to applicable legislation, the Company Bylaws or the Board Regulations.

## Board composition

The IAG Board comprises eight independent non-executive directors, one of whom is the Chairman; two proprietary non-executive directors (as described below); and one executive director, IAG's Group Chief Executive. The biographies of all members of the Board are set out in the Board of Directors section.

Giles Agutter did not stand for re-election at the 2024 Annual Shareholders' Meeting, having first been appointed as a proprietary director in 2020. To fill this vacancy, Bruno Matheu was appointed as a proprietary non-executive director, at the proposal of the significant shareholder Qatar Airways, at the Annual Shareholders' Meeting held on 26 June 2024.

As set out in the Company's Bylaws, the Board shall comprise a minimum of nine and a maximum of 14 members. As at 31 December 2024, the Board composition was:

Name of Board member	Position/category	First appointed
Javier Ferrán	Chairman	20 June 2019
Luis Gallego	Group Chief Executive	8 September 2020
Heather Ann McSharry	Senior Independent Director	31 December 2020
Peggy Bruzelius	Director (independent)	31 December 2020
Eva Castillo	Director (independent)	31 December 2020
Margaret Ewing	Director (independent)	20 June 2019
Maurice Lam	Director (independent)	17 June 2021
Bruno Matheu	Director (proprietary)	26 June 2024
Robin Phillips	Director (proprietary)	8 September 2020
Emilio Saracho	Director (independent)	16 June 2016
Nicola Shaw	Director (independent)	1 January 2018

The Board Secretary is Álvaro López-Jorrín, partner in the Spanish law firm J&A Garrigues, S.L.P., and the Deputy Secretary is Lucila Rodríguez. The Group Chief Financial and Sustainability Officer, Nicholas Cadbury, and the Group General Counsel, Sarah Clements, also attend Board meetings.

### Directors' independence

The Board, as reported by the Nominations Committee, reviewed directors' independence at its meeting held on 29 January 2025 and is satisfied that those directors classified as independent are free from any business or other relationship that could materially interfere with exercising an independent view, both as a question of character and judgement. Further details on conflicts of interest and the independence of directors can be found later in this report and in the Nominations Committee report.

The Chairman was considered independent on appointment and neither he nor any of the non-executive directors has exceeded the maximum nine-year recommended term of service set out in the UK Corporate Governance Code.

In line with the succession planning for the Board, Emilio Saracho does not intend to stand for re-election at the next Annual General Meeting, after nine years as a member of the Board. More information on Board changes and succession planning can be found in the Nominations Committee report.

### Appointment, re-election, resignation and removal of directors

IAG directors are appointed for a period of one year, as set out in the Company's Bylaws. At the end of their mandate, directors may be re-elected one or more times for periods of equal duration to that established in the Bylaws. In this way, the Company complies with the UK Code recommendation that directors should be subject to annual re-election.

Re-election proposals are subject to a formal process, based on a Nominations Committee proposal in the case of independent directors or its recommendation for all other categories of directors. This proposal or recommendation is prepared having due regard to the performance, commitment, capacity, ability and availability of the director to continue to contribute to the Board with the knowledge, skills and experience required.

Directors cease to hold office when the term of office for which they were appointed expires.

The selection and appointment process is described in the Nominations Committee report.

Notwithstanding this, a director must resign under article 17.2 of the Board Regulations, if among other matters, the director ceases to have the good standing, suitability, reliability, competence, availability or commitment to office necessary to be a director of the Company or when his or her remaining on the Board might affect the Company's credibility or reputation or otherwise jeopardise its interests.

According to article 24.2 of the Board Regulations, directors have several disclosure obligations, including the duty to inform the Company of any situation in which they are involved which may seriously affect the reputation of the Company, in particular if they are involved in any investigation related to a criminal proceeding. In such circumstances, the Board would consider the case as soon as practicable and adopt the decisions it deems fit, following a report by the Nominations Committee and taking into account the corporate interest.



The Board may only propose the removal of a non-executive director before the end of a term if, after receiving a report from the Nominations Committee, it considers there is just cause. For these purposes, just cause is deemed to exist when the director takes up new positions or enters into new obligations that prevent the director from dedicating the necessary time to the performance of their duties as a director, otherwise breaches their duties as a director or unexpectedly becomes subject to any of the circumstances set out in article 17.2 of the Board Regulations.

Removal may also be proposed as a result of a takeover bid, merger or other similar corporate transaction that results in a material change of control.

The rules on the actions and communication required from a director who stands down before the end of their term in office are set out in the Board Regulations.

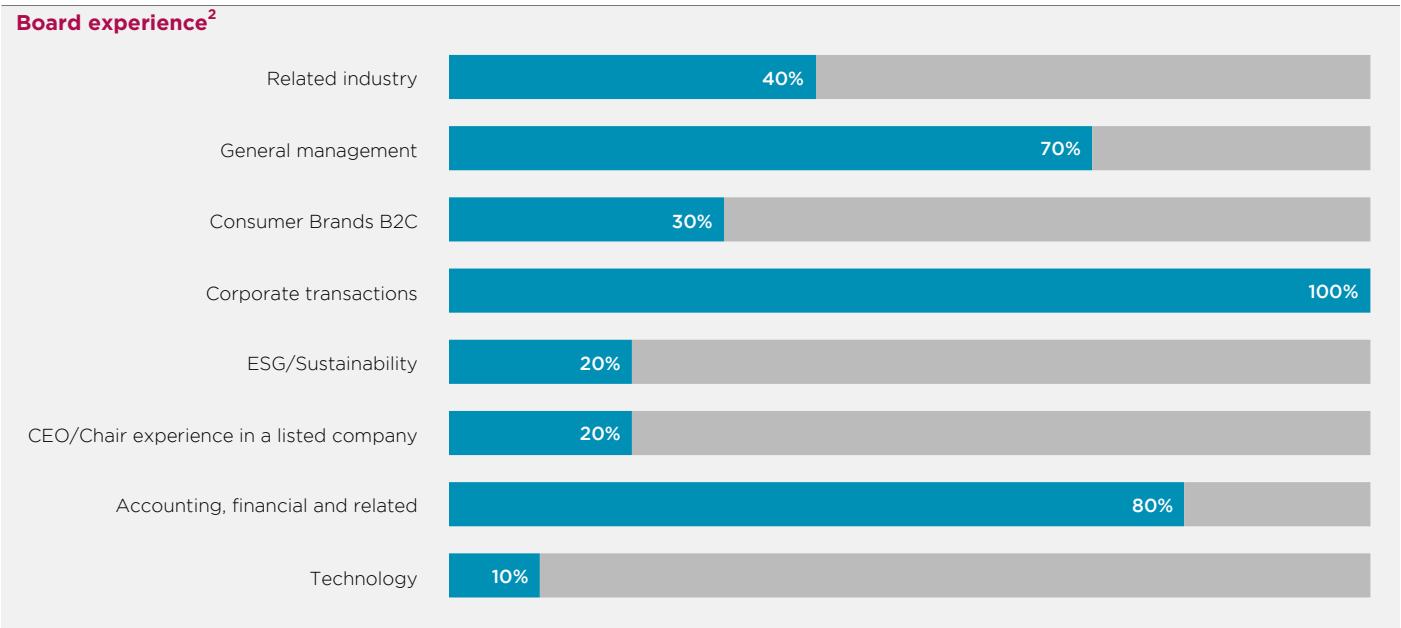
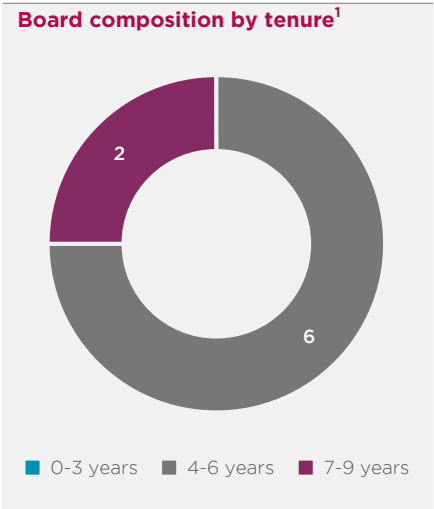
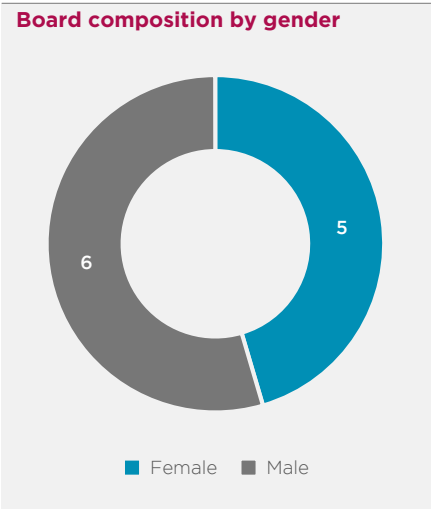
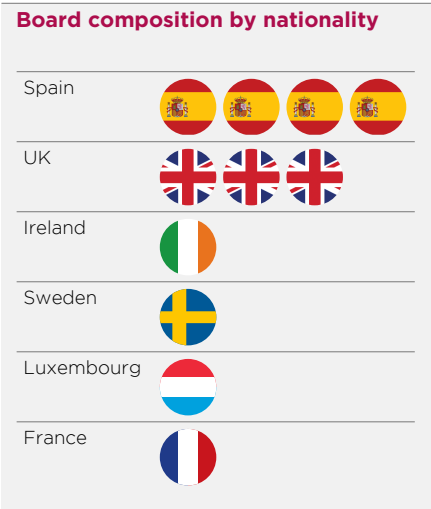
**Diversity**

The Board has a balance of members with more than 40% being women; including a woman as the Senior Independent Director and three women chairing Board advisory committees.

At least one member of the Board is from an ethnic minority background.

The Board supports diversity in a broader context, considering several factors to optimise Board composition. In addition to taking into account skills, gender and experience, the Board ensures compliance with regulatory requirements including the need to have more than half the Board being independent EU nationals.

Further details on the Group's Equity, Diversity and Inclusion policy can be found in the Nominations Committee report.



1 Tenure, which is as at the 2025 Annual Shareholders' Meeting, comprises solely independent non-executive directors, including the Chairman (eight directors). The three remaining directors' tenure is over four years for two of them and less than one year for the other.

2 Non-executive directors only.

## Board leadership and company purpose

Under the leadership of the Board, our purpose, culture, and values, together with our strategy, define how we work and how we run our business to drive the Group's long-term sustainable success. This is supported by our robust corporate governance framework and illustrated by our business model (set out in the Business model section), which explains how we create sustainable value for our shareholders while contributing to all our key stakeholders and society at large.

The Board, supported by its committees, is responsible for setting and overseeing the implementation of the Group's strategy, ensuring the implementation of an appropriate risk management framework and monitoring sustainable financial and business performance. IAG's culture and governance framework ensure that the Board has the information it needs to assess the risks and opportunities facing the Group. This is evidenced by the information provided in the following sections of this report on the work of the Board and its various committees during the year.

The Board and its committees have been very active in this area during 2024, helping to promote and strengthen the Company's policies and practices, starting with the revision of the Group's Code of Conduct, which was approved at the Board meeting on 1 August following a detailed review and discussion at the Audit and Compliance Committee.

Further details of IAG's purpose and values can be found throughout this annual report, including in the People section. Information on our corporate governance framework, the work of the Board and the policies and procedures in place is set out in detail in this Corporate Governance report and in the reports of the various Board committees.

## Corporate culture

The Board recognises the importance of culture and setting the tone of the organisation from the top and embedding it throughout the Group. Our culture is a key component in continuing to make progress with our strategic and transformation plans and therefore the Board has continued to focus on and support the development of a healthy Group culture that supports our ambition and transformation and is aligned with our core values and purpose.

In addition to the Group's shared values, each operating company has its own unique culture, which enables them to deliver its own brand commitment and an exclusive customer experience. People policies are implemented and are progressing to provide attractive and inclusive colleague experiences that support a broader business strategy and enhance operational performance.

In 2024, the Board continued to assess and monitor culture, actively supporting management's efforts to evolve IAG's culture and maintaining the focus on creating an inclusive, supportive and healthy working environment. In addition to other specific measures to evaluate employee engagement and satisfaction, the Board reviewed the results of the twice-yearly OHI surveys completed by employees in May and November 2024, respectively.

In addition, certain designated directors conducted engagement visits, meeting colleagues across all operating companies in London, Madrid, Dublin and Barcelona. The Board considered the results of such visits at its December meeting, serving as valuable input for its decision-making process.

At the Board strategy meeting in October 2024, a specific session was devoted to the People and Culture strategy, including updates on culture, diversity and inclusion. The Nominations, Remuneration, and Safety Environment and Corporate Responsibility committees were briefed on a variety of topics related to workforce and personnel, such as talent management and succession planning, inclusion and diversity initiatives and employee compensation.

Finally the Audit and Compliance Committee regularly reviews the Group's 'Speak Up' arrangements, their effectiveness and the reports arising from their operation (further information is provided in the Audit and Compliance Committee report).

## Investment in the workforce

The IAG model empowers each operating company to deliver for its customers and people, with each being responsible for managing recruitment, pay and conditions for their colleagues, as well as careers and development. Group companies invest in their employees through training and development programmes, as well as through healthcare and wellbeing initiatives.

Across the Group we look to ensure that all rewards and benefits are simple, clear, competitive and fair. Around 85% of the workforce is covered by collective bargaining agreements. We work closely with employee representatives to consult on reward matters. For those employees outside collective agreements, we benchmark roles and rewards against local markets to ensure they remain attractive and competitive.

Further information on workforce remuneration can be found in the Directors Remuneration report and Sustainability statement.

## Decision-making and stakeholder interests

### Section 172 Statement (and compliance with article 3.6 of IAG's Board of Directors' Regulations)

Section 172 of the UK Companies Act 2006 requires directors of a company to promote the long-term success of the company for the benefit of its members and to consider the interests of other stakeholders in their decision-making. This is in line with Recommendation 12 of the Spanish Corporate Governance Code, which is reflected in article 3.6 of our Board of Directors' Regulations.

Given the nature of our business, we recognise the importance of stakeholder engagement to inform our strategy and the way in which we operate. This section describes how the directors, in their deliberations and decision-making, consider the interests of stakeholders to create value and promote the long-term success of the Company. As these interests can conflict, the directors need to balance stakeholder interests with the corporate interest, including consideration of the impact of activities on the environment and the communities in which we operate.

Throughout the reporting period, the directors acted in good faith, with unity of purpose and independent judgement, upholding high standards of business conduct and treating shareholders fairly.

Feedback from stakeholders received by different areas of the business helps to inform decisions overseen by the Board. Where relevant, the views of stakeholders are incorporated in the proposals presented to the Board for consideration or decision. In addition, the diverse set of skills, knowledge and experience of Board members enables them to apply the appropriate level of rigorous challenge and evaluation to decisions.

Further details on how the provisions of Section 172 were considered can also be found throughout the Strategic and Corporate Governance reports. The Board of Directors' Regulations as well as the Group policy on delegation and decision-making ensure that relevant matters are escalated to the Board for consideration and that information is provided to directors with sufficient time for its analysis and consideration. Directors also participate in the design of the Board plan of activities for the year, setting the priorities for the Board and including any topics requested by directors. Further information is provided in the Information and training section of this report.



## Board decisions, corporate interests and stakeholders

The table below outlines how the provisions of section 172 (1) of the UK Companies Act and article 3.6 of the IAG Board of Directors Regulations are considered by the Board.

Section 172 (1) provision	Description of Board activity supporting decisions	Further information in the Annual Report and on the Company's website
a <b>Decisions for the long term</b>	<ul style="list-style-type: none"> <li>• Monitor the delivery of transformation plans that have helped to position IAG competitively against other airlines.</li> <li>• Review of capital allocation guidelines and shareholder returns.</li> <li>• Market, sustainability and industry trends considered throughout the year for the design of the strategic priorities.</li> <li>• Enterprise risk map and risk appetite review.</li> <li>• Operational and strategic measures have been implemented to encourage IAG's long-term sustainable success.</li> <li>• Approval of capital expenditures, financial transactions, contractual commitments, investments and divestments and other transactions.</li> <li>• Review and analysis of long-term incentive plans for the management team.</li> <li>• Strategic partnerships carried out, contributing to capital-light earnings growth.</li> </ul>	<ul style="list-style-type: none"> <li>• Business model</li> <li>• Strategic priorities</li> <li>• Sustainability</li> <li>• Board activities during the year</li> </ul>
b <b>Employee interests</b>	<ul style="list-style-type: none"> <li>• Updates on Group-wide OHI surveys which have played a key role in shaping people plans and tracking progress on culture transformation.</li> <li>• Designated directors for workforce engagement visited various operating company units and reported to the Board on the feedback received.</li> <li>• Review and update of management succession planning and talent development, including update on management changes.</li> <li>• Review of diversity policies and diversity and inclusion matters in general.</li> <li>• Workforce remuneration update (Remuneration Committee).</li> <li>• Monitoring the implementation of the 'Speak Up' Policy and procedures, and related investigations.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagement</li> <li>• Corporate Governance report (workforce engagement)</li> <li>• Sustainability statement</li> <li>• Nominations Committee report</li> <li>• Remuneration Committee report</li> <li>• Audit and Compliance Committee report</li> </ul>
c <b>Business relationships with suppliers, customers and others</b>	<ul style="list-style-type: none"> <li>• Updates from operating company CEOs on customer initiatives.</li> <li>• Reports driving customer loyalty and growth for the operating companies.</li> <li>• Update of the Modern Slavery &amp; Human Trafficking Statement.</li> <li>• Review from the SECR Committee regarding stakeholder engagement.</li> <li>• Audit and Compliance Committee review of complaints and whistleblowing reports.</li> <li>• SECR Committee review of compliance with social practices and policies, and progress against key metrics.</li> <li>• SECR Committee review of Third Party Code of Conduct and Human Rights Policy.</li> </ul>	<ul style="list-style-type: none"> <li>• Business model</li> <li>• Stakeholder engagement</li> <li>• Sustainability statement</li> <li>• SECR Committee report</li> <li>• Audit and Compliance Committee report</li> </ul>
d <b>Community and environment impact</b>	<ul style="list-style-type: none"> <li>• Ongoing work of the SECR Committee to review compliance with environmental practices and policies.</li> <li>• SECR Committee review of sustainability (ESG) ratings review.</li> <li>• SECR Committee review of compliance with social practices and policies, such as community giving and fundraising.</li> <li>• Regular CEO updates regarding sustainability matters.</li> <li>• Review of SAF projects.</li> <li>• Sustainability session at the Annual Strategy Meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Business model</li> <li>• Strategic report</li> <li>• Sustainability statement</li> <li>• SECR Committee report</li> </ul>
e <b>Reputation for high standards of business conduct</b>	<ul style="list-style-type: none"> <li>• Review and approval of an updated Code of Conduct and Third Party Code of Conduct.</li> <li>• Ethics and Compliance updates to the Audit and Compliance Committee, including whistleblower review.</li> <li>• Regular Internal Audit reports to the Audit and Compliance Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagement</li> <li>• Sustainability Report</li> <li>• Audit and Compliance Committee report</li> <li>• SECR Committee report</li> </ul>
f <b>Fairness between shareholders</b>	<ul style="list-style-type: none"> <li>• Review by the Audit and Compliance Committee of related party transactions.</li> <li>• Review of investor feedback from the 2024 Shareholders' Meeting.</li> <li>• Regular Investor Relations reports.</li> <li>• Regular feedback from Investors Relations about alternatives and expectations and possible courses of action on shareholders remuneration.</li> <li>• Shareholders Meeting hybrid format to promote and facilitate greater participation from institutional shareholders.</li> <li>• Remuneration and Corporate Governance engagement with investors and proxy advisory firms.</li> <li>• Presentation by corporate brokers regarding shareholders views.</li> </ul>	<ul style="list-style-type: none"> <li>• Business model</li> <li>• Stakeholder engagement</li> <li>• Corporate Governance report (directors' duties, conflicts of interest and related party transactions)</li> <li>• Audit and Compliance Committee report</li> </ul>

**Examples of relevant decisions taken during the year**

In each instance, the Board was provided with a detailed analysis of the proposal, including potential alternatives, feasibility and risk assessment, as well as synergies across the Group, as relevant.

Dividend distribution and share buyback programme	SAF purchase
<p>On 1 August 2024, the Board approved the distribution of an interim gross cash dividend of €0.03 per share to be paid to shareholders based on the 2024 results.</p> <p>In addition, on 8 November 2024 the Board approved a share buyback programme of €350 million.</p>	<p>As part of its sustainability roadmap, on 28 February 2024, IAG announced the agreement with Twelve for the supply to its five European airlines (British Airways, Iberia, Aer Lingus, Vueling and LEVEL) of approximately 785,000 tonnes of SAF. This agreement was approved on 18 January 2024 by the Board.</p> <p>On 25 November 2024, IAG announced a new e-SAF deal with Infinium for a period of ten years, which had been previously approved by the Board on 1 August 2024, remaining on track to deliver its 2030 target.</p> <p>In addition, as part of its sustainability roadmap, IAG is also investing in new aircraft and implementing fuel efficiency initiatives.</p>
Section 172(1) provisions	Section 172(1) provisions
(a), (c), (d), (e), (f)	(a), (c), (d), (e)
Considerations	Considerations
<ul style="list-style-type: none"> <li>• Returning capital to shareholders as soon as the operating environment and financial performance allowed IAG to do so in a sustainable manner.</li> <li>• Reflecting confidence in the strategy and business model, and the long-term prospects of the business.</li> <li>• Reflecting strong financial health.</li> <li>• Ensuring a fair return to shareholders, upholding IAG's reputation for maintaining high standards of business conduct and financial prudence.</li> <li>• Reflecting the Board's commitment to enhancing shareholder value and confidence, ensuring that the Company remains an attractive investment.</li> <li>• Ensuring all shareholders benefit proportionately from the Group's financial performance.</li> <li>• Shareholder remuneration policy decisions, may not suit all financial stakeholder profiles, requiring a balancing of views with the corporate interest.</li> </ul>	<ul style="list-style-type: none"> <li>• Reflecting commitment to long-term sustainability goals, which is one of the pillars on which the Group bases its strategy and transformation.</li> <li>• Ensuring a steady supply of SAF, which is crucial for meeting IAG's 2030 sustainability targets.</li> <li>• Increasing production of e-SAF, which is a critical milestone for the airline industry and for e-fuels as an alternative to both fossil-based fuels and prior generations of SAF.</li> <li>• Fostering strong business relationships with key suppliers.</li> <li>• Reflecting a responsible approach to environmental stewardship, benefitting the broader community by contributing to global efforts to combat climate change.</li> <li>• Enhancing IAG's reputation for exemplary business practices.</li> </ul>

## Decision-making, reserved matters and delegation

The IAG Board has delegated the day-to-day management of the Group to the Group Chief Executive and the Group's Management Committee but it has reserved authority for itself on several matters, including three key areas as set out below:

- Approval of the Group strategy and the supervision of its implementation, which entails the approval of the business plan, management objectives and annual financial plan, as well as monitoring of the internal information and control systems, and of the risk management framework and processes;
- Approval and compliance oversight of the Group general policies including: investment and financing policies; enterprise risk management policy; and any corporate responsibility or sustainability policies; and
- According to certain quantitative thresholds, the approval of contractual commitments, asset acquisitions or disposals, capital expenditures, borrowings, and equity investments.

The Group's decision-making process is regulated by an internal policy covering the IAG Board, the IAG Management Committee as well as the boards of the main subsidiaries. In addition, another policy regulates the Group's investment process. This authority framework and the support provided by the Board advisory committees underpin the effective operation of the governance system.

As indicated above, there are occasions where the Board may have to make decisions balancing the competing priorities of stakeholders. The principles set out in article 3.6 of our Board Regulations, which align with those reflected in section 172 of the UK Companies Act, are embedded throughout the Group's decision-making processes.

## Stakeholders' interests

Day-to-day stewardship of stakeholder relationships is delegated to management, with the Board having a supervisory role based on the information provided and discussions held with management teams. In addition to this, the Board has direct engagement with the Company's shareholders and with the workforce as recommended by the UK Corporate Governance Code.

Information on the Board's engagement with the workforce is provided in the Workforce engagement section of this Corporate Governance report.

More information on our stakeholders and our engagement with them can be found in the Stakeholder engagement section of this annual report.

## Shareholders and investors

Shareholder interests are key in the Board's considerations. The Board maintains a direct and active dialogue with shareholders and investors, mainly through the Group CEO and the Chief Financial and Sustainability Officer who meet with shareholders and investors on a regular basis, as well as through the Chairman, the SID or the committee Chairs as appropriate. In 2024, the Chairman met significant shareholders to discuss governance matters, as well as the performance of the Group and its strategy. In addition, the Chair of the Remuneration Committee held meetings with investors to discuss remuneration matters, and in particular the approach to the review of the Remuneration Policy. All directors had the opportunity to meet individual shareholders at the Shareholder' Meeting held in June 2024.

The Board is regularly apprised of shareholders' feedback and the main issues discussed with shareholders and investors. One of our major shareholders attended the June Board dinner to give their views on the Group, its strategy and its progress as well as on wider market trends.

Positive feedback was received during the year on the Group's progress against the strategy that was set out at the 2023 CMD. In particular shareholders have welcomed the return to payment of an interim dividend as announced at the half-year results in August, as well as the share buyback announced at the third-quarter results in November. In November analysts and investors attended a British Airways Insight Day at which the Group CEO reiterated IAG's commitment to sustainable shareholder value creation and cash returns. In particular he focused on our strategy to deliver world-class margins and returns, a significant part of which would be delivered by an improvement to British Airways' profit and operating margin. Two other key elements include the increasing value of the Spanish businesses, as well as the attractiveness of IAG Loyalty.

At the same time, analysts and investors noted that the higher level of investment would have a detrimental short-term impact on margins and free cash flow.

Additional information can be found in the Stakeholder engagement section of this annual report.

## Workforce engagement

During 2024, the designated workforce engagement directors visited operating companies and platform businesses across IAG to meet a variety of employees and leaders in their work context, with the goal of understanding first-hand the challenges and opportunities of the different businesses, employee issues and levels of engagement. These visits continue to be valuable in understanding what matters to colleagues across the business, from ground and flight operations to our customer support and corporate teams, and in involving a mix of new recruits and colleagues with long tenure reflecting the changing composition of the Group's workforce.

Eva Castillo remains the director responsible for coordinating the workforce engagement. She was supported during 2024 by Heather Ann McSharry, Margaret Ewing, Maurice Lam, Emilio Saracho and Nicola Shaw.

In 2024, the designated directors conducted nine engagement visits, meeting colleagues across all operating companies and across our four main hubs (London, Madrid, Dublin and Barcelona).

Board members noted the progress made on transformation across all areas and the increased investment in the people agenda, particularly in terms of careers, development and training. The Board noted high levels of pride and commitment at all sites, with positive engagement and morale in the majority of teams.

While each visit highlighted some specific local challenges, several key themes emerged. These included transformation, new recruits, engagement and organisational health, and competitive pay. Each visit included a debrief with senior teams on emerging issues to ensure appropriate actions are taken forward.

For further detail on the outcomes of broader employee engagement activities, refer to the Stakeholder engagement section of this annual report.



The Board considered the results of the 2024 workforce engagement programme and reviewed the effectiveness of this engagement at its December meeting. This feedback serves as valuable input for decision-making processes related to people and culture strategies and organisational transformation.

In addition to its direct engagement with employees, the Board has been regularly informed about initiatives at each operating company with respect to its workforce. A session at the annual Board strategy meeting was devoted to the people and culture strategy, including updates on talent, culture, diversity and inclusion, reward, leadership and data/reporting.

The Remuneration Committee was updated on workforce remuneration and how the operating companies were supporting colleagues with cost-of-living challenges, ensuring reward remained fair and competitive, and how the experience of IAG's workforce compared to that of senior leaders. The Nominations Committee was updated on succession planning for senior leadership, including an overview of recruitment, mobility and attrition of senior leaders across the Group.

### Board and committee meetings

The Board met nine times during the year, including its annual two-day strategy meeting held in October 2024. Details of attendance at Board and committee meetings are shown below.

The Board Secretariat together with the Group General Counsel maintain an annual agenda schedule for Board meetings that sets out strategic, standard and operational matters to be considered. The Chairman sets a carefully structured agenda for each meeting in consultation with the Group Chief Executive, with support from the Group General Counsel and the Board Secretariat. During 2024, the Board's main focus was to create sustainable value over the long term, by supporting management and exercising oversight over the Group's businesses and stakeholders' interests. The key activities of the Board in 2024 are detailed in the Board activities table further on in this report.

At each Board meeting, the Board receives a report from each of the Chairs of the committee meetings held prior to that Board meeting. The reports focus on the key discussions and decisions considered by the respective

committees, providing an opportunity for directors to comment or ask questions on the matters dealt with by each committee and to ensure that all Board members remain apprised of committee activities. In addition, the Group CEO and the Chief Financial and Sustainability Officer report to the Board on key matters in the Group.

All scheduled Board meetings include a private session for non-executive directors to meet with the Chairman to discuss any matters arising. At least once a year there is a private meeting with the Chairman that includes independent non-executive directors only. The Senior Independent Director also meets with the non-executive directors, without the Chairman, as part of the Chairman's annual evaluation process.

As stated in the Board Regulations, directors must make their best efforts to attend Board meetings. If this is not possible, they may grant a proxy to another non-executive director specifically for that meeting. No director may hold more than three proxies, except for the Chairman, although he cannot represent more than half of the Board members. As far as possible, proxies should be granted including voting instructions.

## Board and committee attendance during 2024

Board member	Board	Audit and Compliance Committee	Nominations Committee	Remuneration Committee	Safety, Environment and Corporate Responsibility Committee
Javier Ferrán	9/9		6/6		
Luis Gallego	9/9				
Giles Agutter <sup>1</sup>	2/4		2/4		1/2
Peggy Bruzelius	8/9	7/7	6/6		
Eva Castillo	9/9	7/7		7/7	
Margaret Ewing	9/9	7/7	6/6		
Maurice Lam	9/9	7/7			4/4
Bruno Matheu <sup>2</sup>	4/5				2/2
Heather Ann McSharry	9/9		6/6	7/7	
Robin Phillips	9/9				4/4
Emilio Saracho	9/9			7/7	4/4
Nicola Shaw	9/9			7/7	4/4

1 Stepped down from the Board and Committees on 26 June 2024.

2 Joined the Board and the Safety, Environment and Corporate Responsibility Committee on 26 June 2024.

## Board activities

The key Board activities during 2024 are outlined below.

### Strategy and planning

Joint Board/Management Committee two-day strategy session in October, including:

- Regional strategies and strategic partnerships
- Innovation strategy
- Sustainability
- People and culture
- IT capability transformation
- Business plan and financial update

### Performance and monitoring

- Regular reporting from operating companies, including transformation updates
- Quarterly and full-year financial reporting
- Monthly financial report (reviewed at the relevant meeting or distributed to all Board members)
- Review of various joint business arrangements

### Significant transactions, investments and expenditures

- Updates on the proposed Air Europa transaction
- Financing arrangements
- Capital expenditures items
- Treasury shares buyback programmes
- SAF provision agreements
- IT projects

### Risk management and internal controls

- Review of risk map and risk appetite performance and statements
- Assessment of viability and going concern
- Effectiveness review of the internal control and risk management systems
- External auditor's yearly report
- IT updates, including cyber and AI

### Shareholders, stakeholders and governance

- Shareholders returns
- Transactions with related parties
- Sustainability update
- Shareholders' and investors' updates
- Board and management succession
- Remuneration matters
- Shareholders meetings call notices and proposed resolutions
- Board and committees' evaluation and improvement priorities
- Update on the Directors' and Officers' insurance programme
- Updates on corporate governance
- People and culture update, including new code of conduct and approval of several new policies

- Regular reporting from matters discussed by the Audit and Compliance Committee, the Nominations Committee, the Remuneration Committee and the Safety, Environment and Corporate Responsibility Committee

### Board information and training

In general, all Board and committee meeting documents are available to all directors ahead of meetings, including the minutes of each meeting, through an online platform that facilitates efficient and secure access to all materials. All directors have access to the advice of the Board Secretary and the Group General Counsel. Directors may take independent legal, accounting, technical, financial, commercial or other expert advice at the Company's expense when it is judged necessary in order to discharge their responsibilities effectively. No such independent advice was sought in the 2024 financial year.

Directors are offered the possibility to update and refresh their knowledge of the business and any technical related matter on an ongoing basis to enable them to continue fulfilling their responsibilities effectively. Directors are consulted about their training and development needs and given the opportunity to discuss these as part of the Board annual performance evaluation.

In 2024, the training needs of the Board were met through a combination of internal presentations and updates as part of Board and Committee meetings, and specific sessions or 'deep dives' into topics as required. Sessions held included: a session on fleet financing provided internally, a session on AI, on the new Corporate Sustainability Reporting Directive, and on corporate governance developments, including the 2024 UK Governance Code. An investor was also invited to one of the Board dinners to provide an external perspective. Training planned for 2025 includes sustainability, technology topics and industry specifics.

### Induction of directors

According to the induction guidelines, approved by the Nominations Committee, on joining the Board every newly appointed director has a thorough and appropriate induction. Each programme is based on the individual director's needs and includes meetings with other directors, senior management and key external advisers as appropriate. The induction is designed to provide a wide overview of the industry and the sector, including particulars of each of the markets in which the Group operates, as well as an understanding of the Group's business model and its different businesses. The programme is also a useful tool to introduce the new director to the IAG Management Committee as well as to the different operating companies' teams.

An induction programme was launched for Bruno Matheu following his appointment in June 2024. The basic content of the programme included:

- Origin of the Group's business basics and strategy
- Spanish corporate legal framework, and UK and Spanish corporate governance requirements
- Group governance structure
- IAG compliance programme and litigation status
- Aviation regulation
- M&A briefing and strategy
- IAG capital structure, principal shareholders and analyst coverage
- Sustainability programme
- IAG finance particulars and financial targets (including fleet acquisition, hedging policy and risk map)
- IAG brands portfolio
- IAG platform
- Business model, competitive landscape, strategy and current position of each of the operating companies.

In relation to each committee, newly appointed members are also provided with introductory sessions specific to each committee and designed in accordance with each director's interests and needs.

Further details are provided in the Nominations Committee report.

## Board and committee evaluation

The effectiveness of the Board and its committees is reviewed annually, with an independent, externally facilitated review being conducted every three years. An internal evaluation was completed in 2024, as the last external review was conducted in 2022.

This exercise was complemented by individual meetings held by the Chairman with each member of the Board to discuss their commitment, dedication and performance. Finally, a meeting of all non-executive directors and the Senior Independent Director was held to discuss the Chairman's performance, the conclusions of which were then shared with him.

The Board evaluation was led by the Chairman, supported by the Board Secretariat, using a self-assessment questionnaire, complemented by an individual interview conducted by the Chairman with each non-executive director. The results were presented in a report to all Board members, and an action plan to address matters raised was agreed.

In relation to the agreed actions for 2024, the Board considers that good progress has been made during the year. In particular, the Board evaluation highlighted the strong working relationship between the Board and management, the progress made in transforming the business and the increased focus on culture and people.

In 2024, the Nominations Committee continued its work to ensure that the Board continues to have the relevant skills and expertise identified as part of the work to plan for orderly succession on the Board. As agreed, regular updates on shareholder and investor engagement, including a session with the corporate brokers and a focus on customer experience and the performance and operations of the business, formed part of the Board's agenda in 2024. The Board particularly appreciated the quality and value of the information provided by the IAG CEO in his regular update at each meeting, as well as the private session with him that was added to the meeting agenda to provide the opportunity for a direct private conversation with the IAG CEO after each meeting. In addition, several training initiatives were completed during 2024 as requested.

Actions agreed for 2025 include:

- Continued focus on Board succession planning and identifying the appropriate profiles to be added to the Board;
- The Board's agenda will continue to include the areas identified by the directors in line with the work carried out during 2024; and
- Continued focus on ensuring balanced papers that clearly identify the substantive points and key issues for the Board's attention.

## Other statutory information

### Directors' disclosure duties, conflicts of interest and related party transactions

Directors must inform the Company of any participation or interest they may hold or acquire in any company that is a competitor of the Group, or any activities that could place them in conflict with the corporate interest.

According to article 21 of the Board Regulations, directors have an obligation to adopt all measures necessary to avoid conflict-of-interest situations. These include any situation where the interest of the director, either directly or through third parties, may conflict with the corporate interest or with their duties to the Company. In the event of a conflict, the affected director must inform the Company and abstain from participating in the discussion of any transaction referred to by the conflict. For purposes of calculating the quorum and voting majorities, the director in question would be excluded from the number of members present.

The 2024 Annual Shareholders' Meeting held on 26 June 2024 approved the re-election of Robin Phillips and the appointment of Bruno Matheu, Giles Agutter having stepped down at the meeting, as non-executive proprietary directors as proposed by IAG's significant shareholder Qatar Airways Group (Q.C.S.C.) ('Qatar Airways'). Qatar Airways, a Middle East air carrier headquartered in Doha, has been the single largest shareholder of IAG since 2016, owning, as of the date of this report, 24.995% of the share capital of the Company. Throughout this period there has been a long-standing business and commercial relationship between Qatar Airways and the Group airlines. This close relationship of commercial cooperation, which has always been undertaken on an arm's-length basis and on market terms, significantly reduces

the potential existence of permanent conflicts of interest between Qatar Airways and the Group's airlines.

As far as the relationship of the proprietary directors with the significant shareholder who proposed their appointments is concerned, it should be noted that Robin Phillips and Bruno Matheu have no relevant connection with Qatar Airways.

Any potential conflict of interest that might affect such proprietary directors is managed by applying the duty of abstention in accordance with the procedure for managing conflicts of interest described below. In addition, the Spanish and the UK regimes on related party transactions are also applicable as detailed below.

In accordance with article 3.4 of the Board Regulations, the Board of Directors has the exclusive authority to approve transactions with directors or shareholders that have a significant holding or that are represented on the Board, or with any persons related to them, on the terms established in the law and the Board Regulations and this will require a prior report from the Audit and Compliance Committee.

The execution of these types of transaction needs to be reported to the Audit and Compliance Committee to ensure that they are carried out at arm's length and with due observance of the principle of equal treatment of shareholders. IAG's internal regulations on related party transactions establish that the Audit and Compliance Committee needs to issue a report to the Board assessing whether the transaction is fair and reasonable from the standpoint of the Company and, where applicable, of shareholders other than the related party, and report on this assessment, including the assumptions and methods used. Where appropriate, the directors involved in the transaction shall not participate in the preparation of such a report.

Depending on the amount or value of the proposed related party transaction, varying corporate governance and disclosure requirements may apply under both the Spanish and UK legal frameworks.

In accordance with IAG procedures on related party transactions, prior to the Audit and Compliance Committee's consideration, shareholder related party transactions are also reviewed by the IAG Management Committee and are reported to the IAG Head of Group Audit.



### Share issues, buybacks, treasury shares and dealings in IAG listed securities

The Annual Shareholders' Meeting held on 26 June 2024 provided authority for the Board, with the express power of substitution, for a term ending at the 2025 Annual Shareholders' Meeting (or if earlier, 15 months from 26 June 2024), to:

- Increase the share capital pursuant to Article 297.1.b) of the Spanish Companies Law, by up to 50% of the aggregate nominal amount of the Company's issued share capital as at 26 June 2024 (such amount to be reduced by the maximum amount that the share capital may be increased by on the conversion or exchange of any securities issued as authorised below), through the issue and placement of new shares (with or without a premium) for cash consideration;
- Issue securities (including warrants) convertible into and/or exchangeable for shares of the Company, up to a maximum limit of 1,500,000,000 euros or the equivalent thereof in another currency, provided that the aggregate share capital that may be increased on the conversion or exchange of all such securities may not be higher than 50% of the aggregate nominal amount of the Company's issued share capital as at 26 June 2024 (such amount to be reduced by the amount that the share capital has been increased under the relevant authorisation);
- Exclude pre-emptive rights in connection with the capital increases and the issuance of convertible or exchangeable securities that the Board may approve, under the previous authorities, for the purposes of allotting shares or convertible or exchangeable securities, in connection with a rights issue or in any other circumstances, subject to an

aggregate maximum nominal amount of the shares so allotted or that may be allotted on conversion or exchange of such securities of:

- 10% of the aggregate nominal amount of the Company's issued share capital (excluding any shares held in treasury) to be issued on an unrestricted basis; and
  - an additional 10% of the aggregate nominal amount of the Company's share capital (excluding any shares held in treasury) to be used for either an acquisition or a specified capital investment;
  - carry out the acquisition of its own shares directly or indirectly through its subsidiaries, subject to the following conditions:
    - the maximum aggregate number of ordinary shares authorised to be purchased shall be the lower of the maximum amount permitted by the law and represents 10% of the aggregate nominal amount of the Company's issued share capital on 26 June 2024;
    - the minimum price per share which may be paid is zero;
    - the maximum price per share which may be paid is the highest of:
      - an amount equal to 5% above the average of the middle market quotations for the shares taken from the relevant stock exchange for the five business days immediately preceding the day of purchase; and
      - the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the transaction is carried out at the relevant time;
- in each case, exclusive of expenses. The shares acquired pursuant to this authorisation may be delivered directly to the employees or

directors of the Company or its subsidiaries or as a result of the exercise of option rights held thereby. For further details see note 31 to the consolidated financial statements.

The IAG Securities Code of Conduct regulates the Company's dealings in its treasury shares. This can be accessed via the Company's website.

### Capital structure and shareholder rights

As at 31 December 2024, the share capital of the Company amounted to 497,147,601 euros (2023: 497,147,601 euros), divided into 4,971,476,010 shares (2023: 4,971,476,010 shares) of the same class and series and with a nominal value of €0.10 each (2023: €0.10 each), fully subscribed and paid for.

As at 31 December 2024, the Company owned 117,836,928 shares as treasury shares.

Each share in the Company confers on its legitimate holder the status of shareholder and the rights recognised by applicable law and the Company's Bylaws, which can be accessed on the Company's website.

The Company has a Sponsored Level 1 American Depositary Receipt (ADR) facility that trades on the over-the-counter market in the US. Each ADR is equivalent to two ordinary shares and each ADR holder is entitled to the financial rights attaching to such shares, although the ADR depositary, Deutsche Bank, is the registered holder. As at 31 December 2024 the equivalent of 31,884,274 shares were held in ADR form (2023: 40,547,684 shares).

### Company's share capital

During the year there were no changes to the share capital.

The significant shareholders of the Company as at 31 December 2024, calculated according to the Company's share capital as at the date of this report and excluding positions in financial instruments, were:

Name of shareholder	Number of direct shares	Number of indirect shares	Name of direct holder	Total shares	Percentage of capital
Qatar Airways (Q.C.S.C.)	1,242,630,613	-		1,242,630,613	24.995 %
Capital Research and Management Company		248,648,015	Collective investment institutions managed by Capital Research and Management Company	248,648,015	5.001 %

On 14 February 2025 Europacific Growth Fund notified the Spanish CNMV the acquisition of a 3.036% interest in the Company.

### Shareholders' meeting

The quorum required for the constitution of the shareholders' meeting, the system of adopting corporate resolutions, the procedure for amending the Bylaws and the applicable rules for protecting shareholders' rights when changing the Bylaws are governed by the provisions established in the Spanish Companies Law.

The Annual Shareholders' Meeting was held on 26 June 2024 in Madrid and was held in person with the option for shareholders to attend and participate in the meeting remotely.

The Shareholders' Meeting Regulations, which establish the operating rules of the shareholders' meeting, are available in the Corporate Governance section of the Company's website.

### Disclosure obligations

The Company's Bylaws establish a series of special obligations concerning disclosure of share ownership, as well as certain limits on shareholdings, taking into account the ownership and control restrictions provided for in applicable legislation and bilateral air transport treaties signed by Spain and the UK.

In accordance with article 7.2 b) of the Bylaws, shareholders must notify the Company of any acquisition or disposal of shares or of any interest in the shares of the Company that directly or indirectly entails the acquisition or disposal of a stake of over 0.25% of the Company's share capital, or of the voting rights corresponding thereto, expressly indicating the nationality of the transferor and/or the transferee, obliged to notify, as well as the creation of any charges on shares (or interests in shares) or other encumbrances whatsoever, for the purposes of the exercise of the rights conferred by them.

In addition, pursuant to article 10 of the Bylaws, the Company may require any shareholder or any other person with a confirmed or apparent interest in shares of the Company to disclose to the Company in writing such information as the Company shall require relating to the beneficial ownership of or any interest in the shares in question, as lies within the knowledge of such shareholder or other person, including any information that the Company deems necessary or desirable in order to determine the nationality of the holders of the said shares or any other person with an interest in the Company's shares or whether it is necessary to take steps in order to protect the operating rights of the Company or its subsidiaries.

In the event of a breach of these obligations by a shareholder or any other person with a confirmed or apparent interest in the Company's shares, the Board may suspend the voting or other political rights of the relevant person. If the shares associated with the breach represent at least 0.25% of the Company's share capital in nominal value, the Board may also direct that the transfer of any such shares is not registered.

### Limitations on ownership of shares

In the event that the Board deems it necessary or appropriate to adopt measures to protect an operating right of the Company or of its subsidiaries, in light of the nationality of its shareholders or any persons with an interest in the Company's shares, it may adopt any of the measures in article 11 of the Bylaws, including the determination of a maximum number of shares that may be held by non-qualifying shareholders, provided that such maximum may not be lower than 40% of the Company's share capital. If such a determination is made and notified to the stock market, no further acquisitions of shares by non-qualifying persons can be made.

In such circumstances, if non-qualifying persons acquire shares in breach of such restriction, the Board may also (i) agree on the suspension of voting and other political rights of the holder of the relevant shares, and (ii) request that the holders dispose of the corresponding shares so that no non-qualifying person may directly or indirectly own such shares or have an interest in the same. If no such transfer is performed on

the terms provided for in the Bylaws, the Company may acquire the corresponding shares (for their subsequent redemption) pursuant to applicable legislation. This acquisition must be performed at the lower of the following prices: (a) the book value of the corresponding shares according to the latest published audited balance sheet of the Company; and (b) the middle market quotation for an ordinary share of the Company as derived from the London Stock Exchange's Daily Official List for the business day on which they were acquired by the relevant non-qualifying person.

### Impact of change of control

The following significant agreements contain provisions entitling the counterparties to exercise termination in the event of a change of control of the Company:

- Certain significant IAG financing arrangements allow for prepayment, redemption or early termination in certain circumstances if there is a change of control of the Company.

In addition, the Company's share plans contain provisions as a result of which options and awards may vest and become exercisable on a change of control of the Company, in accordance with the rules of the plans.

### Directors' and Officers' liability insurance

The Company has purchased insurance against Directors' and Officers' liability for the benefit of the directors and officers of the Company and its subsidiaries. The Board receives an annual update on the Group's Directors' and Officers' liability insurance.

### Fair, balanced and understandable statement

The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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# Report of the Nominations Committee



**Javier Ferrán**  
Nominations Committee Chair

## Committee members

Date appointed

Javier Ferrán (Chair)	8 September 2020
Peggy Bruzelius	16 June 2022
Margaret Ewing	28 January 2021
Heather Ann McSharry	31 December 2020

## Dear shareholder

On behalf of the Nominations Committee, I am delighted to present the Nominations Committee Report for the year ended 31 December 2024.

The report provides an overview of the key areas of responsibility of the Nominations Committee and its key activities during the year.

As indicated in my introductory letter to this report as Chair of the Board, Giles Agutter stepped down from the Board and therefore from this Committee at the 2024 Annual Shareholders' Meeting in June. As with the Board, I would like to thank him for his contribution as a member of this Committee.

The role of this Committee is crucial in guaranteeing that we have a Board equipped with the appropriate mix of skills and capabilities, as well as an executive team that can effectively implement and deliver our strategy.

In June 2024, we welcomed a new proprietary director, Bruno Matheu. He was appointed at the proposal of Qatar Airways, our largest shareholder. This appointment was managed by the Committee during the first half of the year. As reported to the Annual Shareholders' Meeting at the time of the proposal, his addition to the Board strengthens the expertise in the aviation industry, bringing with him extensive experience in several airline groups in both executive and non-executive roles.

At the Committee's proposal, Bruno Matheu was also appointed to the Safety, Environment and Corporate Responsibility Committee.

We believe that orderly succession planning is a fundamental responsibility of this Committee. To this end, the Committee is currently engaged in a number of search processes in order to effectively plan for succession in the

coming years. At the meeting held in October 2024, we reviewed the Board timetable and its skill matrix and identified the relevant skills and attributes for future appointments in line with our strategic objectives and the needs of the Board and the business.

We also continue to review succession planning for the leadership teams at the Group's operating companies. This year, the Committee considered and recommended to the Board the appointment of Marco Sansavini as Chair and CEO of Iberia, and the appointment of Carolina Martinoli as Chair and CEO of Vueling. Both of them had already played a crucial role in IAG's transformations, and the Committee and the Board are confident that they will achieve outstanding results in their new positions.

We also continued to build our diversity strategy and framework, which are guided by the Board of Directors Selection and Diversity Policy and by the Equity, Diversity and Inclusion Policy, dated 2022. In this regard, we are satisfied that the Board continues to meet the ethnic diversity and female representation targets set out in the UK, European and Spanish Listing Rules.

However, we still have progress to make to achieve the goal of having 40% of senior leadership roles occupied by women by 2025. At the end of 2024, we had 36% of women in those roles. We are dedicated to this objective and to fostering an environment that promotes inclusion and equal opportunities.

This year, the annual performance evaluation of the Board and its Committees was for a second year internally facilitated, following the external evaluation conducted in 2022. The outcome of the evaluation was very positive, reaffirming our satisfaction with the effectiveness of the Board and its Committees in delivering the highest standards of leadership and oversight for the Group's strategy.

**Javier Ferrán**  
Nominations Committee Chair

### **The Nominations Committee**

The composition, competencies and operating rules of the Nominations Committee are regulated by article 31 of the Board Regulations and by the Nominations Committee Regulations as last amended on 27 February 2025. A copy of the Board and the Nominations Committee Regulations can be found on the Company's website.

The Nominations Committee has overall responsibility for leading the process for appointments to the Board and for ensuring these appointments bring the necessary skills, experience, and competencies to the Board, aligning its composition to the business's strategy and needs. The Committee also reports to the Board on the proposed appointment of senior executives of the Company and IAG appointments to Group company boards. It oversees Board and senior management succession planning and, more generally, the development of a diverse pipeline for succession.

The Nominations Committee must comprise no less than three non-executive directors appointed by the Board, who have the dedication, capacity and experience necessary to carry out its functions. A majority of the members must be independent directors who are EU nationals.

The only change to the composition of the Nominations Committee in 2024 was the departure of Giles Agutter, proprietary director, who did not stand for re-election at the 2024 Shareholders' Meeting.

### **The Committee's responsibilities**

The responsibilities of the Nominations Committee under the Regulations in force in 2024 can be summarised as follows:

- Evaluating the mix of competencies, knowledge, and experience necessary in the Board's membership and reviewing the criteria for the Board's composition and the selection of candidates.
- Submitting recommendations for the appointment of directors to the Board for approval, and reporting on the proposed designations of the members of the Board committees and their Chairs.
- Succession planning for Board members including making proposals to the Board that ensure that such succession occurs in a planned and orderly manner.
- Reporting to the Board on the appointment and removal of senior executives (which includes all of the IAG Management Committee).
- Ensuring that non-executive directors receive appropriate induction programmes.
- Setting diversity targets (gender, ethnicity and other criteria) both within the senior management population and the succession pipeline.
- Ensuring that plans are in place for orderly succession of senior management positions while safeguarding the achievement of agreed diversity targets.
- Establishing a target for female and minority ethnicity representation on the Board that is in line with the Company's Directors Selection and Diversity Policy.
- Coordinating the annual evaluation of the performance of the Board and its Committees.

### **The Committee's activities in 2024**

The Committee met six times during 2024, with three scheduled and three special meetings called to discuss management changes or appointments to the Group company boards. Directors' attendance at these meetings can be found in the Corporate Governance section. The Group CEO was invited to attend the Committee's meetings as and when necessary.

The Committee focused on the following activities during the year:

- Review of the composition of the Board.
- Review of committees' membership.
- Board succession planning.
- Review of directors' independence.
- Review of compliance with the Directors Selection and Diversity Policy.
- Review of diversity and inclusion.
- Management succession plans.
- Format of the annual Board evaluation process, as well as that of the Nominations Committee evaluation.
- Changes to Group company boards.
- Review of investor feedback from the Annual Shareholders' Meeting.

### **Board succession**

The Committee regularly reviews the formal succession plan for the Board, including analysis of non-executive directors' length of tenure, skills and experience, and planning for succession relating to any areas that could require strengthening from a skills and succession perspective.

In October 2024, the Committee specifically considered Board succession planning, including the Board refreshment timetable, the Board skills matrix and the consideration and identification of skills and attributes relevant to future appointments. In 2024, the Committee considered the appointment of Eva Castillo as Chair of the Audit and Compliance Committee, succeeding Margaret Ewing in this role, as well as the appointment of Bruno Matheu to the Safety, Environment and Corporate Responsibility Committee.

The Committee has also initiated a number of search processes in order to adequately plan for succession in the coming years in line with the Board's succession schedule.



### **Directors' independence, performance and re-election**

The Nominations Committee, having considered the matter carefully, is of the opinion that all the current non-executive directors, with the exception of the two proprietary directors, are independent, both in line with the definition set out by the Spanish Companies Act and with that of the UK Corporate Governance Code, and are free from any relationship or circumstances that could affect, or appear to affect, their independent judgement.

In May 2024 the Nominations Committee considered the proposal for the re-election of directors ahead of the Annual Shareholders' Meeting, except with regard to Giles Agutter, who did not stand for re-election. Bruno Matheu was considered by the Committee to fill this vacancy, at the proposal of Qatar Airways Group.

In accordance with the Board Regulations, all proposals for the appointment or re-election of directors presented were accompanied by an explanatory report issued by the Board of Directors with the support of the Nominations Committee assessing the competence, experience, and merits of each candidate. As part of its assessment, the Committee also reviews the time commitment and availability of each non-executive director.

Following this review, the Committee was of the opinion that each non-executive director submitting themselves for re-election continued to demonstrate commitment to the role as a member of the Board and its committees and that each was making a valuable contribution to the leadership of the Company.

Each director is required to advise the Committee and seek its authorisation before accepting any external directorship or other significant appointment that might affect the time they are able to devote to the role as a director of the Company.

### **Management appointments and succession planning**

During 2024, the Committee considered and recommended to the Board the following appointments to the IAG Management Committee, effective from the beginning of April 2024:

- Marco Sansavini as Chair and CEO of Iberia, moving from his role as CEO of Vueling.
- Carolina Martinoli as Chair and CEO of Vueling, moving from her role as IAG Chief People, Corporate Affairs and Sustainability Officer.

### **Diversity**

The procedure for the appointment of directors follows the principles established in the Directors Selection and Diversity Policy which has as its objective, the recognition of the importance of Board diversity in a broader sense. As recommended by the Spanish Good Governance Code, the Nominations Committee reviews compliance with this policy on an annual basis. The review for the 2024 reporting period was completed in January 2025.

When considering director appointments, the Committee follows a formal, rigorous and transparent procedure, designed to capture the value of diversity in its broadest sense, including a mix of skills, experience, professional and industry backgrounds, age and ethnicity, while ensuring that any appointment is made on merit. Diversity considerations also include ensuring that more than half of the Board are independent EU nationals to meet regulatory obligations.

Gender diversity principles are followed throughout the director appointment process, while preserving the general diversity and merit-based appointment principles established in the policy. The Board's policy is to consider candidates from a wide variety of backgrounds, without discrimination based on gender, race, colour, age, social class, beliefs, religion, sexual orientation, disability or other factors. When conducting a search, the Company will only engage search firms that have signed up to the latest UK Voluntary Code of Conduct for Executive Search Firms (or its international equivalent). Additionally, the Nominations Committee ensures that the Board appointment 'long' and 'short' lists provided in the search process are inclusive according to the widest definition of diversity.

Female directors currently represent 45% of the Board, ahead of the target of at least 40%, and 63% of the independent non-executive directors (including the Chairman). In addition to this, three of the four Board advisory committees are chaired by women: the Audit and Compliance, the Remuneration and the Safety, Environment and Corporate Responsibility committees. Lastly, the Senior Independent Director is a woman. From an ethnic minority perspective, the IAG Board has met its target to have one director from an ethnic minority group.

As at 31 December 2024 the Board met the UK Listing Rules and FTSE Women Leaders Review targets. Our gender identity and ethnicity data reported in accordance with Listing Rule 9.8.6R(10) is set out below. Disclosure is based on self-identification through information-gathering process where individuals were provided with the requirements and categories for confirmation of classification. The information is reported at 31 December 2024 and remains unchanged at the date of this report.

### Gender identity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board <sup>1</sup> (CEO, CFO, SID and Chair)	Number in executive management <sup>2</sup>	Percentage of executive management
Men	6	55 %	2	7	70 %
Women	5	45 %	1	3	30 %
Not specified/prefer not to say	–	–	–	–	–

### Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board <sup>1</sup> (CEO, CFO, SID and Chair)	Number in executive management <sup>2</sup>	Percentage of executive management
White British or other White (including minority-white groups)	10	91 %	3	10	100 %
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	9 %	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

<sup>1</sup> The IAG Chief Financial and Sustainability Officer, Nicholas Cadbury, does not hold a position on the Board although he attends all Board meetings.

<sup>2</sup> Excluding IAG's CEO who is reported as a Board member.

Diversity and inclusion remained a priority during 2024. IAG's aim is for both senior leaders and our businesses to reflect the diverse communities we work in and to create an environment where individuals feel their unique differences are valued. Beyond gender and ethnicity, the Management Committee is composed of individuals with multiple nationalities (including Spanish, British, American, dual Brazilian/Argentinian, Irish and Italian). In addition, most of the executives have multi-jurisdictional backgrounds and/or careers which serve to enhance the value that they bring to the Group, its customers and employees. Further information on Board diversity is included in the Corporate Governance section.

The Board and the Nominations Committee are committed to improving diversity, including gender diversity, across the Group, encouraging and supporting management actions in this regard. IAG has a target of 40% of senior leadership roles to be held by women by 2025. At the end of 2024, IAG had 36% of women in those roles, broadly in line with year end 2023. We remain committed to achieving our 40% ambition. Further, in 2023, we set a Group-wide ambition for 10% of the Group's UK senior leadership to be minority ethnic by end 2027, which we shared as part of our response to the UK Parker Review. In 2024, 11% of our UK senior leaders group self-disclosed as ethnically diverse (compared to 6% in 2023). In line with the Group's diversity and inclusion framework and strategy, the Group's operating companies and platform businesses have implemented a range of initiatives to support equity, diversity and inclusion.

Further details and explanations of the steps that IAG is taking to promote diversity and inclusion across the Group are set out in the Sustainability section.

### Committee annual evaluation

The annual performance evaluation of the Board and its Committees was for a second year internally facilitated, following the external evaluation conducted in 2022, and as set out in the Corporate Governance report.

The evaluation concluded that the Committee operated effectively during the year. In 2025, the Committee will continue to prioritise its focus on Board succession to ensure that there is a planned refreshment of the Board covering the identified areas of expertise and to oversee the work on management succession planning, in particular considering talent retention and development plans.

# Report of the Safety, Environment and Corporate Responsibility Committee



**Nicola Shaw**  
Safety, Environment and Corporate  
Responsibility Committee Chair

Committee members	Date appointed
Nicola Shaw (Chair)	25 February 2021
Maurice Lam	17 June 2021
Bruno Matheu	26 June 2024
Robin Phillips	25 February 2021
Emilio Saracho	25 February 2021

### Dear shareholder

I am delighted to introduce the Safety, Environment and Corporate Responsibility Committee report for the year ended 31 December 2024. This report highlights some of the work and activities carried out by this Committee during the year.

In 2024, we welcomed Bruno Matheu to the Committee, replacing Giles Agutter who retired from the Board at the 2024 Annual Shareholders' Meeting. I would like to thank Giles for his contribution as a member of this Committee.

During 2024, the Committee continued to assist the Board in a dual role. Firstly, it provided high-level oversight of the Group's safety activities and resources, while promoting the sharing of knowledge and best practice across the Group. Secondly, it provided guidance and direction on IAG's sustainability programmes and corporate responsibility ambitions, ensuring alignment with the Group's sustainability strategic priorities and supporting the Board in its oversight of this important area.

The Board approved the review of its regulations and those of its advisory committees on 27 February 2025 and agreed that this Committee will henceforth focus on environmental and corporate responsibility matters (renamed the Environmental and Corporate Responsibility Committee). The Board also agreed that the oversight of the safety risk management framework of the Group's various airlines, together with the overall oversight of the Group's enterprise risk management framework, will be the responsibility of the Audit and Compliance Committee. The new responsibilities of both Committees are detailed in the respective Committee Regulations which are available on the Company's website.

In the area of safety, the Group's airline safety managers revised their reporting framework to the Committee in 2024 in order to homogenise and simplify the issues reported and to improve comparability and sharing of best practice across the Group.

In addition to the standard review of the Group's airline safety reports, the Committee considered other special matters in 2024, including relevant international safety incidents, airline safety policies on drug and alcohol testing, and the operational risk of 5G telecommunications networks at US airports.

In terms of sustainability, good progress was made in 2024. On carbon emissions reduction, IAG performed strongly in 2024, improving its annual carbon intensity by 3% to 78.1gCO<sub>2</sub>/pkm, ahead of its 2025 target of 80gCO<sub>2</sub>/pkm. The Group's airlines used more than 162,000 tonnes of SAF, representing a 203% increase on the 2023 volume. This usage represented a reduction in IAG's net emissions of more than 469,000 tonnes of CO<sub>2</sub>, alongside ongoing operational and in-flight efficiency efforts which contributed a further reduction of 114,000 tonnes of CO<sub>2</sub>. Please refer to the Sustainability statement for more information.

The Committee was kept informed of the various regulatory initiatives relevant to this field. In particular, the Committee focused on alignment with the new EU Corporate Sustainability Reporting Directive (CSRD), which becomes effective for reporting from 2025 after transposition into national law, which is relevance of this new directive, a specific training session was provided to the full Board in July by a strategic consultancy specialising in sustainability and impact.

In order to prepare for compliance with the CSRD, management's proposal regarding the double materiality impact assessment and the timetable for the preparation of the first CSRD compliant sustainability report was reviewed by this Committee at a special joint meeting with the Audit and Compliance Committee in October.

Also at the May meeting, the Committee was briefed on policy developments relating to SAF. In particular, the Committee considered the SAF mandate published by the UK Government on 25 April 2024, which came into force on 1 January 2025, and the UK Government's consultation on a proposed revenue certainty mechanism to support investment in SAF production in the UK. Both are regulatory measures that we welcome and support in order to scale the supply and use of SAF at a fair cost for airlines.

I would like to highlight in this letter the meeting we had on gender pay and pilot diversity, which included representatives from the people and operations functions of the Group's main airlines. We had the opportunity to discuss the challenges facing the industry in terms of female representation and the actions our airlines are taking to increase the diversity of their pilot populations.

On social matters, the Committee dealt with two other important issues in 2024. Firstly, at our December meeting, we reviewed the Group's compliance with social practices and policies and our progress against key metrics, including an insightful discussion on the Group's social impact. Secondly, the Committee reviewed and submitted to the Board for approval a new Group Third Party Code of Conduct (replacing the former Supplier Code of Conduct), which extends IAG's shared values to our value chain, and a new Human Rights Policy, which underlines our commitment to respect and promote human rights throughout our operations and value chain. The Human Rights Policy is aligned with international standards and covers key principles such as diversity, equal opportunities, labour standards, freedom of association, forced and child labour, modern slavery and human trafficking.

I would like to thank my colleagues on the Committee for their work and commitment this year and look forward to continuing to chair this Committee in its new focus as the Environmental and Corporate Responsibility Committee.

**Nicola Shaw**  
Safety, Environment and Corporate  
Responsibility Committee Chair

### The Safety, Environment and Corporate Responsibility (SECR) Committee

The Committee's composition, responsibilities and operating rules are set out in article 33 of the Board Regulations as well as by the Regulations of this Committee, which were last reviewed on 27 February 2025 and are available on the Company's website. At the Board meeting held on 27 February 2025, the responsibilities and operating rules of the Board committees were reviewed, and it was agreed that the SECR Committee would continue as the Environmental and Corporate Responsibility (ECR) Committee, concentrating its work in these two areas.

During 2024, the Committee operated under the Regulations approved by the Board in 2021, which are the ones referred to in this report.

The Committee shall be made up of no less than three directors appointed by the Board, with the necessary dedication, capacity and experience. All the members of the Committee are non-executive directors with the majority being independent directors.

In addition to the Board Secretary and Deputy Secretary, regular attendees at Committee meetings included the Chairman, the Group Chief Executive and the Chief People, Corporate Affairs and Sustainability Officer. Senior managers with responsibility for safety matters and others in charge of different sustainability areas were invited to attend specific agenda items as required and when relevant.

### The Committee's role and responsibilities

The Committee's role is to assist and advise the Board on matters relating to safety, environment and corporate responsibility. Through the Committee, IAG has an overall view of the safety performance of each airline and of any major issues that may affect the industry, but responsibility for safety matters rests with the Group's airlines as holders of the Airline Operating Licence (AOC).

In the areas of environment and corporate responsibility, the SECR Committee provides a governance forum for the non-executive directors to exercise specific oversight, challenge and support senior management in the development of the Group's sustainability strategy, policies and targets, supporting IAG's vision to be a world-leading airline group in sustainability.

Under the Regulations in force in 2024, the Committee's remit included:

- To exercise a high-level overview of safety activities and resources.
- To receive significant safety information about IAG's subsidiaries, franchise, codeshare or wet-lease providers used by any member of the Group.
- To review the Group's strategy and policies on social and environmental sustainability.
- To evaluate that the Company's environment and social practices are in accordance with the established strategy and policies.
- To review the Group's global environment and climate risk mitigation strategy, the implementation of sustainability programmes and any climate-related financial disclosure.
- To review the content of the non-financial information statement or any such sustainability report the Company may produce from time to time.
- To monitor and evaluate the Company's interaction with its stakeholder groups, including the workforce.
- Periodically review the principal environmental, social and reputational risks to monitor that they are adequately identified, managed and disclosed.
- To review the general diversity and inclusion policies.
- Receive information regarding the inclusion of the Group in sustainability indexes.



### **The Committee's activities during the year**

During 2024, the Committee held four meetings. Directors' attendance at these meetings is detailed in the Corporate Governance report.

The Committee's activities during the year included:

- 2023 non-financial information statement and other sustainability reporting;
- Significant safety and security issues report;
- Group airlines safety and security reviews;
- Review of policies regarding drugs and alcohol testing;
- Update on the Alaska Airlines/Boeing incident;
- Sustainability trends update and benchmark, including overview of SAF projects;
- Regulatory update focusing on SAF policy;
- Stakeholder engagement review;
- 2023 update to the Modern slavery and human trafficking statement;
- Review of gender pay and pilot diversity;
- Update on turbulence incidents;
- Update on 5G operation risk in USA airports;
- Comparison of deferred items across the Group's airlines; and
- Safety governance review, including the role of the board of directors' committees.

### **Safety**

Key topics discussed for each airline under their regular safety review include information on safety risk management, safety culture, operational risks, occupational injury risks, as well as reported data on aircraft damage. This year, the safety managers of each of the Group's airlines revised their reporting framework to this Committee, in order to homogenise and simplify the issues reported by the different airlines and to enhance comparability and sharing of best practices within the Group. In addition to this, the Committee considered some specific topics, including an update on the Alaska Airlines/Boeing incident, a review on drugs and alcohol testing and an update on 5G operation risk in USA airports.

### **Market trends and EU and national ESG consultations**

In 2024, the Committee was regularly informed of any forthcoming ESG policy initiatives, updates and consultations at international, EU or national level, including the Group's position and intended actions in relation to each.

### **Benchmarking**

At its meeting in May, the Committee considered an update on a benchmarking study of all ESG factors carried out by an international sustainability and technology consultancy. The report provided an overview of IAG's position relative to the industry across a range of sustainability factors and provided a good roadmap for future management and Committee focus.

### **Gender pay and pilot diversity session**

The Committee reviewed the context, the Group's ambitions and planned actions regarding the recruitment of female pilots in the Group's various airlines, hearing directly from representatives of the Group's main airlines. The meeting addressed the Group's position on gender pay and the diversity of the Group's pilot population. Particular emphasis was placed on initiatives to increase the number of female pilots, including sponsored cadet programmes and the review of recruitment processes. Aer Lingus is one of the world's top three airlines for pilot gender diversity, with IAG above the global industry average. However, it was highlighted that while the proportion of female pilots has increased by 45% over the last six years, significant challenges remain for the industry to improve diversity, with IAG airlines playing a leading role.

### **Stakeholder engagement review**

The Committee reviewed the annual report on stakeholder engagement on sustainability issues, which included industry associations, government and regulators, customers, investors, employees and suppliers, and considered the main objectives of this dialogue and its impact. Further details can be found in the Stakeholder engagement section.

### **Modern slavery review**

The Committee reviewed the update to the Group's Modern slavery and human trafficking statement for its submission to the Board of Directors.

### **CSRD**

IAG is expected to comply with the EU Corporate Sustainability Reporting Directive (CSRD) (Directive 2022/2464/EU). The CSRD is currently being transposed into national law by EU Member States. IAG's 2024 'Sustainability statement' complies with Spanish Law 11/2018 and has been prepared under the transitional requirements set out in the joint communication of the CNMV and the Spanish Instituto de Contabilidad y Auditoría de Cuentas (ICAC), published on 27 November 2024. The CSRD was adopted with the aim of improving sustainability reporting and its comparability across the European Union. In July, the Board of Directors received special training on the importance and implications of this new directive, provided by a consultancy firm specialising in sustainability.

The CSRD requires the adoption of a double materiality approach, which assesses both the impact of companies on the environment and people, and the financial impact of that impact on the company's business. To this end, the Committee held a special joint meeting with the Audit and Compliance Committee in October 2024 to review the results of the double materiality impact assessment carried out by management in preparing the first sustainability report under the CSRD, which was subsequently presented to the Board. These conclusions were revisited during the review of the draft Sustainability statement in order to assess the various topics included and the disclosure provided

### **Sustainability risks**

As in previous years, the Committee reviewed the Group sustainability risk assessments for the business plan period 2025 to 2027 and to 2030, which helped the Committee understand the physical, policy, market and technology risks that the Group has considered could impact its sustainability ambitions. Further information regarding risks is set out in the Risk section.

### **Review of compliance and progress against key metrics**

The Committee completed its annual review of compliance with environmental and social practices and policies and progress against key indicators. In 2024, the Committee held a special meeting to review the Group's social impact strategy, with a particular focus on Iberia's approach and activities.

### **Sustainability (ESG) ratings review**

As in previous years, the Committee was also informed of the Group's positioning in relation to the main sustainability rating indexes.

### **Third Party Code of Conduct and Human Rights policy**

The Committee reviewed and endorsed the Board's approval of a new Group Third Party Code of Conduct, which updates and replaces the former Group Supplier Code of Conduct, and a new Human Rights Policy, which are two important elements of the Group's social responsibility framework.

### **Committee annual evaluation and priorities for 2025**

The annual performance evaluation of the Committee was again internally facilitated, following the external review completed in 2022. The feedback received was very positive and supportive of the Committee's work.

However, following an analysis of the Group's overall governance of safety matters, and in particular the oversight already exercised by the management and board structures of each of the Group's airlines, the Board considered that it would be more appropriate for the Audit and Compliance Committee to provide overall oversight of the enterprise risk management and safety risk management frameworks, and to further enhance the sharing of experience and best practice across the Group's airlines through a committee that includes the Group's airline safety directors.

In relation to its environmental and corporate responsibility remit, the Committee agreed to review its plan of activities for 2025 and agreed on proposed areas of interest for further training and support.

# Report of the Audit and Compliance Committee



**Eva Castillo**

Audit and Compliance Committee Chair

## Committee members

Date appointed

Eva Castillo (Chair since 1 August 2024)	31 December 2020
Margaret Ewing	20 June 2019
Peggy Bruzelius	31 December 2020
Maurice Lam	17 June 2021

## Dear shareholder

I am pleased to present my first report as Chair of the Audit and Compliance Committee. I would like to thank Margaret Ewing for her service as Chair during these last four years and for her continued support as part of this Committee.

The Audit and Compliance Committee continues to play a key role in IAG's governance, overseeing risk management, internal controls, financial and non-financial reporting, compliance and internal and external audit.

This report highlights the key matters considered in 2024 and how the Committee fulfilled its responsibilities to ensure the integrity and reporting compliance of the 2024 Annual Report and Accounts.

The Committee held six scheduled meetings and one special meeting to consider the new Group Ethics and Compliance Charter and plans, and to review the update to the IAG 'Speak Up' policy. Key discussion points and focus areas are detailed in this report.

Throughout the year, Margaret and, since 1 August, I have engaged with all Committee members, management and the internal and external auditors.

The Committee's Regulations were updated on 27 February 2025 to bring them into line with the updated Technical Guidance on Audit Committees approved by the Spanish CNMV. In addition, the Board agreed that the Audit and Compliance Committee will retain overall oversight of the Group's risk management frameworks, including the safety risk management of each of the Group's airlines, and the Group's enterprise risk management.

The Committee works to ensure reliable financial reporting, non-financial reporting and compliance with laws and regulations, through oversight of the Group's internal control framework, including its mature Internal Control over Financial Reporting (ICFR) and risk management frameworks.

During the year, the Committee closely monitored management's proposed implementation of the revised UK Corporate Governance Code, the UK Economic Crime and Corporate Transparency Act 2023 and the Corporate Sustainability Reporting Directive (CSRD) (directive 2022/2464/EU). The Committee also maintained its focus on IT and cybercrime, with regular updates on the implementation of the Group's new IT operating model and progress in key IT projects and IT transformation programmes.

An internally facilitated evaluation of the Committee's effectiveness was completed in 2024, following an external evaluation in 2022. The findings, shared with the Board, confirmed that the Committee operated effectively during the year. As a priority for 2025, the Committee will continue to focus on the monitoring and execution of management's compliance programme, supported by Internal Audit.

I hope that you find this report informative and that it provides assurance in relation to the activities of the Committee during 2024 and planned for 2025.

**Eva Castillo**

Audit and Compliance Committee Chair

## The Audit and Compliance Committee

The composition, competencies and operating remit of the Audit and Compliance Committee are regulated by article 29 of the Board Regulations as well as the Regulations of the Audit and Compliance Committee. Following the publication of the updated UK Corporate Governance Code and related guidance in 2024, as well as the publication of the updated Technical Guidance on Audit Committees by the CNMV, the Board reviewed and updated the Committee's regulations in February 2025. A copy of these Regulations can be found on IAG's website.

### The Committee's composition, competencies and attendance

Detailed biographies of all Committee members are included in this Annual Report. The Board is satisfied that the Committee has retained competence relevant to its overall responsibilities, including possessing a wide range of financial, audit, risk management and relevant sector and business experience among its members, providing the right mix of skills and experience to provide constructive challenge and support to management. The Board has determined that Margaret Ewing and Maurice Lam have recent and relevant financial experience. The Board, through the Nominations Committee, will continue to review the Committee's membership to ensure the skills and experience of its members align with the business as it develops.

In addition to the Secretary, the Deputy Secretary and the Head of Group Internal Audit (who functionally reports to the Committee Chair), the Chairman,

the Group CEO, the Chief Financial and Sustainability Officer, the Group General Counsel, the Group Financial Controller and representatives of the external auditors regularly attended the Committee meetings. In relation to the recommendation of the CNMV Technical Guide to limit the presence of non-members at committee meetings, the following measures are followed:

- Draft agendas are reviewed to ensure the participation of appropriate stakeholders for each agenda item.
- A private session of the Committee is held at the end of each meeting.
- Regular private sessions are held with the internal and external auditors, the Chief Financial and Sustainability Officer and the Group General Counsel.
- Where appropriate, management or the auditors are asked to leave the meeting if a topic is to be discussed that may conflict with or involve them.

### The Committee's responsibilities and activities

The Committee's principal responsibilities are to oversee and provide assurance to the Board on the integrity and quality of all external reporting, effectiveness of audit arrangements and robustness and effective operation of internal controls, compliance and risk management processes and fraud prevention and detection. The Committee meeting agendas are tailored to ensure emerging topics are included and to allow for ad hoc discussion and reviews. A summary of the Committee's activities during 2024 and until the date of this report is overleaf.



## Audit and Compliance Committee activities

Area of Committee focus	Activities
<b>Financial reporting</b>	<ul style="list-style-type: none"> <li>• Reviewing, challenging and considering the external auditor's views on significant accounting estimates, judgements and accounting policies applied in the financial statements of the Group and related reporting and disclosures;</li> <li>• Reviewing the financial statements and announcements of the Group to ensure integrity; and</li> <li>• Consideration of the process for confirming and recommending to the Board that the 2024 Annual Report and Accounts is fair, balanced and understandable.</li> </ul>
<b>External auditor</b>	<ul style="list-style-type: none"> <li>• Oversight of the external auditor, focusing on audit quality, effectiveness, independence and objectivity to ensure the rigour and challenge of the audit process is maintained. Specific activities undertaken by the Committee to oversee the relationship with KPMG and the audit process are included in this report.</li> </ul>
<b>Internal auditor</b>	<ul style="list-style-type: none"> <li>• Oversight of the internal auditor, focusing on the appropriateness of internal audit skills and resourcing, approving the audit plan, reviewing audit results, monitoring implementation of audit recommendations and ensuring the independence of the Internal Audit Team. Specific activities undertaken by the Committee with regard to internal audit are included in this report.</li> </ul>
<b>Internal Control over Financial Reporting (ICFR)</b>	<ul style="list-style-type: none"> <li>• Consideration of and challenge to management's analysis of risks in financial reporting, identification of key financial controls and documentation of accounting processes;</li> <li>• Monitoring the internal controls procedures adopted by the Company, to oversee compliance with them; and</li> <li>• Reviewing the results of the internal audits of ICFR consideration of the external auditor's findings and conclusions on this matter and tracking the progress of implementation of internal and external ICFR audit recommendations.</li> </ul>
<b>Enterprise risk management (ERM)</b>	<ul style="list-style-type: none"> <li>• Reviewing the principal and emerging risks facing the Group, including gaining assurance as to the effectiveness of the internal control system, mitigations and risk management process;</li> <li>• Reviewing the principal risks and the combination of risks that possess the potential to significantly impact the Group's strategic objectives, in order to simplify and further refine the Group's risk disclosures;</li> <li>• Reviewing the process whereby the Board reviewed and determined risk appetite;</li> <li>• Reviewing the performance of the Group against its existing risk appetite and confirming management's assessment that the Group has applied appropriate mitigations or other effective controls to ensure that the Group has operated within (or agreed) risk appetite throughout the period;</li> <li>• Reviewing annual compliance with the ERM risk policy;</li> <li>• Reviewing the Group's fraud risk assessment and design of the internal control framework to prevent and detect fraud, including consideration of the key controls and assurance activities provided across the Group in relation to financial and non-financial fraud risk;</li> <li>• Overseeing treasury risk management, including reviewing the Group's fuel and foreign exchange hedging policies, positions and financial counterparty exposure, compliance with the Group's treasury and financial risk management policies and consideration of the implications of the approved fuel hedging profile, given the recovery in demand and significant volatility in fuel prices, and ensuring its continued appropriateness in managing these risks; and</li> <li>• Overseeing tax risk management, in an environment of increased challenge, investigation and audit by tax authorities across the globe, and considering the tax strategy before recommending it to the Board for approval and publishing it on the IAG website.</li> </ul>
<b>Legal and compliance</b>	<ul style="list-style-type: none"> <li>• Reviewing the Group's anti-bribery, sanctions, competition, privacy and Spanish Criminal Code compliance programmes including the latest related risk heat maps, regulatory developments, issues identified during the year or still live from previous years and key programme activities during 2024 and priorities for 2025;</li> <li>• Reviewing, on behalf of the Board, the Group's independent third-party-facilitated whistleblowing procedures and the annual report from the Group's Head of Ethics and Compliance on: communication and awareness (plus trust in) the Group's whistleblowing facilities; incidents reported via the external whistleblowing and relevant internal channels, by category and nature; any emerging themes or trends; timeliness and responsibility for follow-up; and investigations and actions taken to address substantiated reports; and</li> <li>• Consideration of Disclosure Committee and litigation reports from the General Counsel including the status of remaining and potential civil litigation actions (see note 28 to the financial statements).</li> </ul>

Area of Committee focus	Activities
<b>IT, cybercrime and GDPR</b>	<ul style="list-style-type: none"> <li>• Reviewing and monitoring key cybersecurity and data privacy management improvement projects including changes to the Group's cyber governance model and IT operating model, lessons learned from recent third-party supplier data breaches, third-party risk management review (TPRM) and subsequent enhancement of approach to TPRM, visibility of trend analysis and benchmarking external data to better understand the Group's progress in implementing its improvement plans;</li> <li>• In May, the Committee received a briefing on AI risk management and governance from an external expert to prepare for its oversight of the Group's AI approach.</li> </ul>
<b>Non-financial information</b>	<ul style="list-style-type: none"> <li>• Reviewing management's preparations to comply with the Corporate Sustainability Reporting Directive (CSRD) (directive 2022/2464/EU) as well as the integrity of information provided in the Group's Consolidated Sustainability statement in compliance with Law 11/2018, including information on environmental, social, employee and human rights-related matters. In addition, the Committee received the external auditor's limited assurance report and conclusions on the Sustainability statement;</li> <li>• Reviewing the integrity of the reporting and data in respect of the Group's longer-term sustainability and climate-related risks and opportunities, including the Group's alignment with the provisions of the TCFD process, and the appropriate reflection of the implications of climate change in the Group's strategy, financial statements and financial and cash flow forecasts; and</li> <li>• Understanding the phased programme towards readiness for reasonable assurance for non-financial information in respect of key and required sustainability and people/workforce measures and monitoring the significant progress achieved, leveraging the Group's established methodology for implementing internal controls frameworks and defining the controls, accountability and governance essential to achieve effective reasonable assurance.</li> </ul>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>• Reviewing the Group's insurance position, including general insurance arrangements and directors' and officers' liability insurance;</li> <li>• Reviewing the adequacy and appropriateness of the cover with regards to the Group's relevant principal and emerging risks (recognising that not all risks are of an insurable nature);</li> <li>• Consideration of the insurance policies across the Group to ensure they are adequate and appropriate for the risks faced by the Group and new areas of risk and insurance.</li> </ul>
<b>Governance and other matters</b>	<ul style="list-style-type: none"> <li>• Reviewing and recommending to the Board the adoption of amendments to relevant policies; and</li> <li>• Considering and planning for the implications of any changes in European, Spanish or UK corporate governance requirements within the remit of the Committee, including the passing of the UK Economic Crime and Corporate Transparency Act 2023 and the release of associated guidance.</li> </ul>

### Significant financial reporting matters considered by the Audit and Compliance Committee

The Committee takes account of significant issues and risks, including strategic, business, operating, financial, compliance and regulatory, that may materially impact the integrity and accuracy of the quarterly financial results announcements or the 2024 Annual Report and Accounts.

In support of the directors' statement and responsibilities, the Committee has also sought to ensure that the Group's reporting is aligned with the latest guidance and requirements from regulators, that it is fair, balanced and understandable and that all matters disclosed and reported upon meet the rapidly evolving needs of the Group's stakeholders.

The significant accounting judgements, estimates, accounting policies and issues considered by the Committee in relation to the Annual Report and Accounts

for the year to 31 December 2024 (including those considered as significant audit issues by the external auditor and described in the Independent Auditor's Report) are set out in the table below. After robust further consideration, challenge and debate, there are no topics where the conclusion resulted in significant disagreement between management, the external auditor and the Committee, and there were no unresolved issues that needed to be referred to the Board.

Matter	Action taken by the Committee and outcome/future actions
<b>VAT assessment on the issuance of Avios</b>	<p>The Committee received multiple updates throughout 2023 and 2024 on the progress of HMRC's substantive review into whether VAT should have been and should be payable on the issuance of Avios, including the consideration of the impacts of the decision letter issued by HMRC on 29 October 2024.</p> <p>Based on the facts presented, the Committee agrees with management's assertion, confirmed by external counsel and tax advisers, that it is more likely than not that an adverse ruling will not eventuate. As a result, the Committee also agrees with management's approach in the 2024 consolidated financial statements in that the matter is disclosed as a contingent liability and no provision is recorded for this exposure.</p> <p>The Committee is satisfied that the disclosure made in the 2024 Annual Report and Accounts enables users to sufficiently understand the status of this matter. The Committee also considered the conclusions of the external auditor, who had identified the VAT matter in IAG Loyalty as a key audit matter.</p>
<b>Loyalty revenue recognition</b>	<p>The Committee focused on IAG Loyalty's breakage and other assumptions driving loyalty revenue recognition.</p> <p>The Committee is satisfied that the estimates relating to loyalty revenue recognition are appropriately supported by reasonable management assumptions and those of an independent expert third party. The Committee also considered the conclusions of the external auditor, who had identified loyalty revenue recognition as a key audit matter.</p>
<b>Voucher revenue recognition</b>	<p>The Committee continued to focus on management's assumptions in relation to revenue recognition relating to vouchers issued in relation to conditions during and immediately after the COVID-19 pandemic, including issuances, redemptions, refunds and the amounts recognised as breakage.</p> <p>The Committee is satisfied that the breakage assumptions applied in relation to the revenue recognition of vouchers are appropriately supported by reasonable management assumptions, which themselves are supported by historical redemption and expiry data.</p>

### Other significant matters considered

Highlights of other key matters that the Committee considered are explained below.

Matter	Action taken by the Committee and outcome/future actions
<b>Viability and going concern assessments</b>	<p>Throughout the year and while finalising the 2024 Annual Report and Accounts, the Committee reviewed and evaluated management's going concern review and viability assessment, including the supporting analysis.</p> <p>The Committee found assurance in management's 2024 assessment and update of its three-year forecasts as part of the financial plan through to 31 December 2027. This assurance was gained by reviewing and challenging critical estimation assumptions and judgements applied to cash flow forecasts over the short, medium and long term, including the implications of climate change within the reference period. Many assumptions and judgements are based on external factors such as political and economic influences, ongoing conflicts and geopolitical tensions, which drive market uncertainty and the prolonged impacts of supply chain disruption.</p> <p>The Viability Statement section of this Annual Report provides details of the base case and downside case used in assessing the appropriateness of the Board's Viability Statement and the going concern basis of accounting. The Committee critically reviewed the assumptions applied in management's base case and downside case projections, ensuring the downside case included appropriately severe but plausible assumptions. The Committee also examined the external auditor's findings and conclusions on this matter. Alternative negative scenarios were considered by the Committee, but the downside case presented the most severe yet plausible scenario.</p> <p>The Committee recommended the going concern statement and related disclosures to the Board for inclusion in the 2024 half-year interim results announcement and the 2024 Annual Report and Accounts, as well as the Viability Statement for inclusion in the 2024 Annual Report and Accounts.</p>

Matter	Action taken by the Committee and outcome/future actions
<b>Fraud procedures</b>	<p data-bbox="328 392 1495 544">The Committee examined management's report on the Group's fraud prevention framework, which included the annual fraud risk assessment, the key controls and the lines of defence established to prevent and detect fraud. The Committee observed strong alignment between the risk assessment and the assurance map, including lines of defence, and was satisfied that the approved internal audit plan addressed the key financial reporting anti-fraud controls as well as audits targeted at specific fraud risks across the Group during this period.</p> <p data-bbox="328 562 1495 663">Management updated the Committee following the November 2024 release of the implementation guidance for the UK Economic Crime and Corporate Transparency Act 2023. The Committee will oversee management's response to the guidance, particularly regarding reasonable procedures to prevent fraud and any necessary enhancements to the Group's fraud prevention framework.</p> <p data-bbox="328 680 1495 752">On behalf of the Board, the Committee will continue to monitor fraud and internal controls, including consideration of feedback from the external auditor, the outcomes of the annual ICFR audits and the results of a series of focused anti-fraud control internal audits.</p>
<b>CNMV letters and enquiries</b>	<p data-bbox="328 761 1495 913">During the course of 2023, the Company received a number of enquiries from the CNMV, requesting information and clarifications relating to the Company's accounting policies for major maintenance events for both owned and leased aircraft. In forming its responses, management incorporated: (i) detailed analysis of its current accounting policies; (ii) benchmarking of peer accounting policies; (iii) consideration of industry guidance; and (iv) consideration of alternative accounting policies. The Committee reviewed and concurred with management's responses to the aforementioned enquiries.</p> <p data-bbox="328 931 1495 981">During the course of 2024 and through to the date of this report, the Company has received no further correspondence from the CNMV in relation to this, or any other matter.</p>
<b>Corporate governance and audit reform</b>	<p data-bbox="328 990 1495 1120">Throughout 2024, the Committee closely monitored developments in and emerging guidance in respect of the UK's Revised Corporate Governance Code and the UK Economic Crime and Corporate Transparency Act 2023. In May, the Committee challenged management's initial approach to the implementation of provision 29 of the revised code. Management agreed to monitor emerging industry practice throughout 2024 and 2025 to further improve and refine the approach.</p> <p data-bbox="328 1137 1495 1238">The Committee believes management is well placed to adopt the new provisions as a result of the existing control frameworks implemented across the Group. Throughout 2025, the Committee will be reviewing management's implementation of the provisions to ensure full compliance and appropriate assurance provision for the Board in accordance with the relevant regulatory and legal timetable.</p>
<b>Sustainability statement and CSRD</b>	<p data-bbox="328 1247 1495 1348">The Committee is pleased with management's progress in preparing for the disclosure of material data points required under the Corporate Sustainability Reporting Directive (CSRD) (directive 2022/2464/EU) as well as the continued progress on designing and documenting internal controls over non-financial reporting (ICNFR) across the Group to ensure there are robust processes and controls in place to obtain reliable data.</p> <p data-bbox="328 1366 1495 1415">In June, the IAG Board received training on the CSRD and double materiality assessment from an external expert to prepare for its responsibilities in approving the Group's double materiality assessment.</p> <p data-bbox="328 1433 1495 1534">The Committee held a joint session with the Safety, Environment and Corporate Responsibility (SECR) Committee in October, to jointly review and challenge management's approach and conclusions regarding the CSRD double materiality assessment. In addition, both Committees reviewed the draft Sustainability statement in advance of the year end.</p> <p data-bbox="328 1552 1495 1675">At the request of the Committee, additional non-financial information process and control internal audits were undertaken in 2024 to inform management's drive to improve the ICNFR framework and to provide the Committee with assurance that the newly-implemented controls are operating effectively. In 2025 the Committee will, jointly with management, determine the appropriate level of ongoing assurance required over the ICNFR framework.</p>
<b>Compliance</b>	<p data-bbox="328 1684 1495 1865">The Committee recognises the critical role of compliance in upholding the highest ethical standards across the Group. Throughout 2024, the Committee has closely monitored management's plans to address the recommendations of the independent assessment of the Group's 'Speak Up' programme and ethics and compliance maturity assessment completed in December 2023. This has included the review and challenge of the Group's three-year compliance plan, receiving regular updates on the implementation of the first year of the plan as well as the review and approval of the IAG Ethics and Compliance Charter and the revised IAG 'Speak Up' policy.</p> <p data-bbox="328 1883 1495 1933">The Committee is pleased with the progress made and compliance will remain a key area of focus for the Committee during 2025 and 2026.</p>

The Committee will continue to receive regular updates on all the above matters in 2025.



### **Internal Control over Financial Reporting**

The Board of Directors is ultimately responsible for the supervision of the existence and effectiveness of Internal Control over Financial Reporting (ICFR). The Board has delegated responsibility for the development of effective controls to the Group Chief Executive Officer and supervision of the effectiveness of these controls to the Audit and Compliance Committee.

The Group's ICFR monitoring and auditing is mature and well embedded across the Group, covering processes applied by the Company, Aer Lingus, British Airways, IAG GBS, IAG Loyalty, Iberia and Vueling, and processes performed by IAG GBS and IAG Cargo on behalf of the operating companies. This enables the Committee to evaluate and oversee IAG's management of financial reporting risk and to validate the Group's approach to complying with the CNMV's ICFR recommendations.

In 2024, the Committee reviewed the results of the internal audits and external audit of ICFR (which included IT general controls). No unremediated material weaknesses that would impact the integrity of the financial statements were identified, and management continued to improve the control environment across the Group. The Committee also tracked the progress of internal audit recommendations to address any weaknesses identified.

### **Internal audit**

The Committee's activities during 2024 in relation to the Internal Audit function included:

- Reviewing and agreeing the internal audit 2024 plan and 2025 first six months' plan (including resourcing and budget to appoint appropriate external specialist resource to provide the required level of assurance over the principal risks, processes and controls throughout the Group). This included ensuring the 2024 plan continued to focus on fraud risk while also ensuring coverage of 'other' specific risks, including cybersecurity, IT transformation programmes, non-financial information and satisfying ICFR and Spanish Criminal Code requirements;
- Reviewing key audit conclusions, discussing the quality and timeliness of management's responses, monitoring the resolution of issues raised and requesting additional audit review of certain weaknesses or concerns identified by internal audit, post-management action to remediate. Where an internal audit finding was rated seriously deficient, relevant responsible management were requested to, in person, present their plans and progress in addressing the audit recommendations and required actions, reflecting the importance the Committee attributes to the internal audits and their conclusions;

- Holding regular meetings during the year between the Committee, the Head of Group Audit and the external audit partners, as well as ensuring the Head of Group Audit feels able to raise any concerns informally and directly with the Chair of the Committee;
- Monitoring and protecting Internal Audit's independence and standing within the Group, ensuring it is able to influence and engage at the most senior levels across IAG, operating companies and functions, and is closely involved in the Group's discussions on risk; and
- Performing an effectiveness review with key stakeholders in December 2024.

The Committee is satisfied that delivery of the approved internal audit strategy and plan is providing timely and appropriate assurance on the effectiveness of controls in place to successfully and effectively manage aspects of the Group's relevant principal risks (i.e. those that are capable of being subject to an audit review).

## External audit

External auditor key information	
Last tender	2019 – January 2020
Transition year	2020
AGM approval of current auditor (for one year to 31 December)	June 2024
First audited Annual Report	Year to 31 December 2021
Next audit tender required by regulations	For appointment effective for year to 31 December 2031

The Committee engaged throughout the year with KPMG, with the engagement partners attending all Committee meetings.

The Committee Chair met frequently with the Group and lead audit partners throughout the year to review Group developments, audit progress, planned reporting and audit findings. The Committee's key activities in relation to its interaction with KPMG included:

- Review and approval of the 2024 external audit plan and strategy including consideration of scope, approach and methodology, emerging industry and Group-specific audit risks and materiality;
- Monitoring the audit plan's implementation, including receiving regular reports from KPMG, progress against plan in light of key judgements, audit matters and any significant weaknesses detected in the internal control environment;
- Discussion, prior to recommendation of the financial statements to the Board for approval, of the audit findings, including audit variances, and observations on internal controls, operations and resources. This included challenging the auditors on their conclusions regarding management's disclosure of the ongoing VAT assessment on the issuance of Avios discussed in the significant financial reporting matters section above;
- Performing an assessment of the effectiveness and independence of KPMG, including the quality of the 2024 audit (throughout the year) and reviewing and approving KPMG's fees and terms of reference; and
- Reviewing and approving 2024 non-audit services expenditure against policy and previously determined limit guidance. Reviewing and approving non-audit services limit guidance and expectations for 2025.

## External audit scope, materiality and execution

In May, the Committee discussed and agreed the scope of the audit with KPMG, including the interim review plan (comprising audit testing, risk assurance procedures, process walkthroughs, controls testing and data and analysis routines) and ensured that the audit strategy was robust and informed by the auditor's assessment of the Group's key risks, particularly those that are significant to the audit. KPMG outlined to the Committee the key tests that it intended performing on the identified higher-risk audit areas that could lead to material misstatement of the financial statements and significantly influenced the audit plan. The auditor and the Committee confirmed a shared understanding of these risks and key audit matters, including passenger, cargo and customer loyalty programme revenue recognition, accounting for VAT, accounting for aircraft maintenance, restoration and hand-back costs, and how these were to be considered in the audit approach.

The auditor confirmed that 100% (2023: 100%) of the Group's forecast revenue and 97% (2023: 95%) of the Group's forecast total assets would be subject to a full scope audit. The Committee agreed that the approach was appropriate and should provide the Board with a high level of assurance regarding the integrity of the financial statements and subsequently approved the audit plan, recognising that the plan would evolve as the year progressed to reflect any changes in circumstances or outlook.

## External auditor quality and effectiveness

The Committee is dedicated to ensuring audit quality and effectiveness, which is continuously reviewed to uphold the rigour and challenge of the external audit process. Updates were received from KPMG at five Committee meetings, enabling the Committee to assess the quality of the audit by regularly monitoring the auditor's communications with management and the Committee, including: discussion and challenge during Committee meetings; compliance with relevant regulatory, ethical and professional guidance; and an assessment of the audit team's qualifications, expertise, resources and partner performance.

In addition to its own independent assessment, management conducted a survey on the Committee's behalf as well as engaging in detailed discussion with key executives and finance staff, which demonstrated that the 2024 external audit was deemed to be effective, robust and of good quality.

The Committee's independent evaluation considered the overall quality of the audit, including whether the auditor exhibited an appropriate level of challenge and scepticism in its work and dealings with management, and the independence of KPMG.

The Committee also assessed the depth of review and level of challenge provided by the external auditor over the significant accounting policies, judgements and estimates made by management. The Committee felt that KPMG challenged management robustly on key judgements and estimates, accounting treatments and disclosures; for example, in relation to loyalty programme revenue recognition, where KPMG's challenge included an evaluation of the effectiveness of management's expertise and modelling. The observations and conclusion of the Committee in respect of this matter are noted in this report above.

In addition to the annual evaluation, the Committee undertook an ongoing assessment of external audit quality and effectiveness including, but not limited to, the following indicators:

- the Committee oversaw formal terms of engagement with the auditor and agreed the audit fee;
- reports from the external auditor were reviewed during Committee meetings in 2024 and again in the February 2025 Committee meeting, covering: the conclusions of the review of the Group's results for the half year; audit planning updates; interim audit findings

(including those of the review of the relevant key IT general controls); progress update for year end matters; and final report for year end matters;

- KPMG attended all six of the scheduled Committee meetings and one special meeting during the year to answer any questions the Committee had beyond these formal updates; and
- consideration of the FRC's most recent Audit Quality Review conclusions relating to KPMG as a firm and any specific findings relating to audits led by the lead audit partners with IAG.

Taking all aspects of the assessment throughout the year into consideration, the Committee concluded that it is satisfied that the KPMG audit was probing, challenging and robust and the approach provided a reliable audit opinion with a reasonable expectation of detecting material errors, irregularities and material fraud. The Committee considered the external audit to have been effective and of a high quality.

### External audit tender and transition

2021	2024	2025	2030
KPMG first year of audit following the appointment approved by shareholders in 2020 for the 2021, 2022 and 2023 financial years	KPMG reappointment considered and approved by shareholders for the year to 31 December 2024 and annually thereafter	Mandatory appointment of new external (KPMG) audit Spanish lead partner to sign off on the 2026 financial year	To comply with the Spanish Act 22/2015, a competitive tender will be required for auditor appointment effective for the year to 31 December 2031 unless carried out earlier

To comply with the Spanish Act 22/2015, the Committee conducted an audit tender process that concluded in January 2020. Following KPMG's appointment (by shareholders) as the external auditor of the Company in 2020 for the years 2021, 2022 and 2023, the Committee reviewed and monitored the implementation of KPMG's audit plans as well as the execution of these plans throughout 2024. The Committee considered and recommended to the Board the reappointment of KPMG for 2025.

### External auditor non-audit services and independence

Non-audit service spend in 2024 is within the total target maximum and was €2,000,000. The Committee concluded that KPMG is independent, taking into account the level and nature of non-audit services provided.

IAG non-audit services policy: key features									
<b>Pre-approval</b>	<p>All non-audit services require pre-approval in accordance with the table below to ensure services approved are consistent with the IAG non-audit services policy for permitted services. This process ensures all services fall within the scope of services permitted and pre-approved by the Committee and does not represent a delegation of authority for pre-approval.</p> <table> <tr> <th>Value</th><th>Pre-approver</th></tr> <tr> <td>More than €100,000</td><td>Audit and Compliance Committee Chair and Chief Financial and Sustainability Officer</td></tr> <tr> <td>Between €30,000 and €100,000</td><td>Chief Financial Officer and Sustainability Officer and Head of Group Audit</td></tr> <tr> <td>Less than €30,000</td><td>Head of Group Audit</td></tr> </table>	Value	Pre-approver	More than €100,000	Audit and Compliance Committee Chair and Chief Financial and Sustainability Officer	Between €30,000 and €100,000	Chief Financial Officer and Sustainability Officer and Head of Group Audit	Less than €30,000	Head of Group Audit
Value	Pre-approver								
More than €100,000	Audit and Compliance Committee Chair and Chief Financial and Sustainability Officer								
Between €30,000 and €100,000	Chief Financial Officer and Sustainability Officer and Head of Group Audit								
Less than €30,000	Head of Group Audit								
<b>Fee cap</b>	<p>The guideline amount is set to ensure the total fee payable for non-audit services should not exceed 70% of the annual audit fee.</p> <p>The overall value of fees for work is addressed by a target annual maximum for 2024 of €2.6 million with an additional allowance of up to €1.6 million for large projects where the external auditor is uniquely placed to carry out the work.</p> <p>The Committee reviews the nature and volume of the non-audit services undertaken by the external auditor on a quarterly basis.</p>								
<b>Prohibitions</b>	<p>IAG's policy includes a list of permitted non-audit services in line with the list of permitted services in the FRC's Revised Ethical Standard 2024 (originally introduced in 2019). Any service not on this list is prohibited.</p> <p>All non-audit services over €100,000 are put to competitive tender with other providers, in line with the Group's procurement policy, unless the skills and experience of the external auditor make it the only suitable supplier.</p>								

Details of the fees paid to the external auditor during the year can be found in note 7 to the consolidated financial statements.

# Report of the Remuneration Committee



**Heather Ann McSharry**  
Remuneration Committee Chair

## Committee members

Date appointed

Heather Ann McSharry (Chair)	31 December 2020
Eva Castillo	31 December 2020
Emilio Saracho	20 June 2019
Nicola Shaw	1 January 2018

## Dear shareholder

On behalf of the Board, I am pleased to present our 2024 Directors' Remuneration Report, where, we set out our key considerations and the remuneration decisions we have reached in 2024 both for the executive director of IAG and for its management team. I have also outlined details of the review we are currently conducting in respect of our Remuneration Policy.

## Business performance

This has been a year of very strong performance for IAG, consolidating the Group's post-pandemic recovery. We have announced a strong set of financial results as we have continued to deliver our strategy, which is underpinned by our transformation ambition, ensuring we are even better placed to deliver on our purpose of connecting people, businesses and countries. We have delivered significant shareholder value through our continued strong share price performance, and achieved the important milestone of a return to dividends and the launch of a €350 million share buyback programme in late 2024.

Highlights include:

- Operating profit before exceptional items of €4,443 million;
- Increase in operating margin by 1.9% percentage points to 13.8%;
- Surpassed pre-pandemic capacity and over 122 million passengers flown;
- Increased profitability has supported significant free cash flow generation, investment and an increasingly strong balance sheet;
- €350 million share buyback programme announced;
- Grew closer to our 10% sustainable aviation fuel goal as IAG continues to lead the industry on sustainability.

## Remuneration Policy review

In light of the economic and business context and the Group's return to strong sustainable performance, under the leadership of our CEO, the Committee continued to review the long-term incentive framework, including that for the CEO (the only Executive Director) during 2024. Shareholders may recall we had signposted this as an area of focus for us in our 2023 Directors' Remuneration Report.

Following review and discussions over the recent months, the Committee has concluded that it is appropriate to propose a change to the CEO's long-term remuneration, to ensure that it continues to adequately incentivise the delivery of our ambitious strategic growth plans, reinforces our high-performance culture and unifies the remuneration framework for all of our management team.

Since 2021, the Restricted Share Plan (RSP) has played an effective and important role in incentivising, engaging and retaining our valuable leadership team, demonstrating its relevance and value even beyond a period of maximum uncertainty such as the pandemic period. Also in 2021, an additional plan, the Full Potential Incentive Plan (FPIP) was introduced on a one-off basis, for our top 250 executives below the Board. This plan, with an exceptional stretch target of 2024 operating profit, has been instrumental in motivating our management team to drive the transformation of the business and to deliver world-class financial performance and a substantial increase in IAG's shareholder value over the past three years.

We are now seeking to build on the effectiveness of the combination of the RSP/ FPIP long-term incentive framework below the Board, and will introduce a new Stretch Performance Incentive Plan (SPIP) in 2025 to operate alongside the RSP. As before, this will be awarded to IAG's 300 senior leaders as a follow-on to the 2021 FPIP. A single grant will be made in 2025, with a three-year performance period.

The new SPIP scheme is once again designed to incentivise our senior leaders to achieve stretch performance targets ahead of our strategic plan targets through to the end of 2027, to maintain the focus on transforming the business and to further reinforce our high-performance culture.

Our CEO did not participate in the original FPIP scheme, as the Board did not consider it appropriate to put this proposal to shareholders in 2021 given the economic and business context we were in at the time. In consultation with our CEO, it was decided to introduce this plan without his involvement.

We now consider it important for him to participate in this new stretch incentive plan, to ensure alignment and consistency of the remuneration framework and long-term performance targets across the leadership team, and ultimately fairness in remuneration outcomes.

The Committee is therefore consulting with shareholders on a potential change to the Policy, to allow the CEO to participate in this plan. At the time of finalising this report the consultation is ongoing. If, at the conclusion of that process, we determine that the Policy should be amended, this will be proposed in our upcoming Notice of Annual Shareholders' Meeting.

### **2024 annual incentive outcome**

Our annual incentive framework is based on a combination of financial and non-financial measures. There were no changes to the measures for 2024, which continue to reflect the Group's key focus on delivering robust financial performance, an excellent customer experience and strong progress towards our sustainability and other strategic goals. 60% of the annual incentive was based on operating profit before exceptional items, 20% on customer NPS, 10% on carbon efficiency and 10% on strategic and role-specific objectives.

The Annual Incentive Plan operated in line with our Remuneration Policy and reflects our strong performance in the year. Under the formulaic outcome, actual performance achieved was 85.7% of the maximum opportunity, largely driven by financial performance against our stretching operating profit targets. Due to fleet modernisation and sustainable aviation fuel (SAF) we continue to deliver against our carbon targets, with stretch performance achieved again in 2024. Performance against the customer measure was between threshold and target (with a 4.4pts improvement versus 2023). The Board and management team are committed to improving our customer propositions and actively mitigate disruptions with continued investment in the customer experience.

Full details of achievement against targets are provided in the Variable pay outcomes section of this report.

### **Vesting of the 2022 Restricted Share Plan (RSP)**

The restricted share award granted to IAG's executive director in 2022 is due to vest in March 2025. The award is subject to a performance underpin, which takes into consideration IAG's overall financial and non-financial performance over the relevant three-year period.

The Committee has an established framework for assessing whether the performance underpin has been satisfied over the three financial years of the award, to ensure that the RSP vesting outcome is appropriate in the context of overall business performance and that there is no payment for failure. In assessing the 2022 award at its February 2025 meeting, the Committee reviewed details of IAG's financial performance (including revenue, profitability, operating margin, cash generation, return on capital, as well as performance relative to sector peers) and key non-financial and operational performance measures (including progress towards IAG's sustainability ambitions and its broader social agenda). Further details are set out in the Restricted Share Plan section later in this report.

The Committee agreed that, based on its assessment, the conditions set out in the underpin had been satisfied. As a result, the 2022 RSP award for the IAG CEO will vest in full in March 2025. The estimated value of the award is included in the single total figure of remuneration in this year's report and reflects the increase in IAG's share price over the plan period, with IAG leading the FTSE in 2024 for shareholder value creation. The award is subject to a two-year holding period.



### Salary increases for 2025

The CEO's salary is reviewed annually, taking into account salary increases in the wider Group, the external market environment and the experience of shareholders and other stakeholders. We seek to balance these factors with the need to ensure that the CEO's salary remains competitive in IAG's core talent markets. After careful consideration, the Committee approved a salary increase of 3% for the IAG CEO for 2025, which is no more than the average increase for the wider workforce.

### Workforce experience

The Committee continues to evaluate management's remuneration within the context of remuneration of our wider workforce. In accordance with IAG's business model, the operating companies are responsible for their own reward frameworks and terms and conditions and seek to ensure that the work performed by employees is appropriately reflected in their remuneration, is aligned to local markets, and competitive in attracting the best talent.

The Committee has received regular updates on our workforce initiatives, including the investments made by our operating companies, for example in improving the portfolio of flexible benefits offered to ensure IAG remains attractive and competitive, and to support the health and well-being of employees. 85% of our employees are covered by collective bargaining agreements, which seek to ensure fair, competitive and sustainable pay, providing stability for our business and employees.

All members of the Committee participate in the Board workforce engagement programme, which provides an opportunity to engage with employees on a broad range of matters including remuneration. The Committee has used these insights to ensure decisions regarding executive remuneration give appropriate consideration to our approach for the wider workforce and reflect the expectations of all our stakeholders.

On behalf of the Committee, I would like to take this opportunity to thank our employees across the Group for their continued effort, commitment, dedication and hard work which have been key to the success achieved by IAG this year.

### Conclusion

This year the Remuneration Committee has again sought to take a considered and balanced approach to executive remuneration, taking into account our overall performance, the experience of our employees, shareholders, customers and other key stakeholders in the period. The Committee considers that the Directors' Remuneration Policy operated as intended during 2024, and the remuneration outcomes described in this report are appropriate in the context of the very strong performance achieved in the period.

If proceeding with a Policy change proposal post completion of our shareholder consultation, we will follow up to provide full details as soon as possible.

I would like to take this opportunity to thank our shareholders for their support at our 2024 Shareholders' Meeting, both for the renewal of our Remuneration Policy, which received 92% of shareholder votes in favour, and for the implementation of our previous Policy in 2023, which was supported by 94% of shareholder votes.

We hope that our Directors' Remuneration Report receives your support at our 2025 Shareholders' Meeting (and welcome any questions you may have in advance).

Approved by the Board and signed on its behalf by

**Heather Ann McSharry**  
Remuneration Committee Chair

# Remuneration at a glance

## IAG Chief Executive Officer

Purpose and link to strategy features	Outcomes for 2024	Implementation in 2025
<b>Fixed remuneration</b>		
<b>Base salary</b>		
To attract and retain talent to help achieve our strategic objectives.	From 1 January 2024: £886,912 (€1,044,782) (an increase of 4% from 2023).	Following a review, an increase of 3% has been awarded. From 1 January 2025: £913,519 (€1,076,126).
Takes account of factors such as role, skills and contribution.	Below the average increase for the majority of the wider workforce.	No more than the average increase for the wider workforce.
<b>Taxable benefits and pension-related benefits</b>		
Provides basic retirement and benefits which reflect local market practice.	Pension at 12.5% of salary, comparable to the rate applicable to the majority of the UK workforce. Benefits provided as per policy.	Benefits to be provided as per policy and pension will remain unchanged.
<b>Variable remuneration</b>		
<b>Annual Incentive Plan</b>		
Incentivises annual corporate financial and non-financial performance and the delivery of role-specific objectives.	For our 2024 bonus, the scorecard was weighted as follows: 60% operating profit (before exceptional items), 20% customer NPS, 10% carbon efficiency and 10% strategic and role-specific objectives.	Maximum opportunity unchanged at 200% of base salary.
The deferred shares element aligns the interest of executives and shareholders and provides a retention tool.	Under those scorecard measures, the bonus outcome was 85.7% of maximum, and thus the 2024 bonus amount of £1,520,000.	No change to the scorecard measures and weightings for 2025.
	As the IAG CEO has met the 350% shareholding guideline, 80% of the award will be paid out in cash with 20% deferred into shares for three years (otherwise 50% deferred into shares for three years).	The targets for 2025 are commercially sensitive and will be disclosed in the 2025 remuneration report.
<b>Long-term incentive (RSP)</b>		
Incentivises long-term shareholder value creation, and retention.	The second Restricted Share Plan award comprised two awards, one in March 2022 and another in October 2022, both of which are due to vest in March 2025. Based on the Committee's assessment of the performance underpin the RSP award will vest in full. The award will be subject to a two-year holding period post vesting.	In line with IAG's Remuneration Policy, a Restricted Share Award of 150% of salary will be granted to the IAG CEO in 2025.
	More detail on the Committee's assessment can be found later in this report.	Under the policy awards vest after three years subject to satisfaction of the discretionary performance underpin and are subject to a holding period of two years post vesting.
		As mentioned earlier the Committee is consulting with shareholders on a potential change to the Policy. At the time of finalising this report the consultation is ongoing. If, at the conclusion of that process, we determine that the Policy should be amended, this will be proposed in our upcoming Notice of Annual Shareholders' Meeting.
<b>Shareholding requirement</b>		
Provides long-term alignment with shareholders.	The CEO of IAG is required to build up and maintain a shareholding of 350% of base salary.	As at 31 December 2024 the IAG CEO had a shareholding of 643% of base salary.
Malus and clawback provisions apply to annual incentive and long-term incentive awards and the Committee has discretion to adjust formulaic outcomes to reflect corporate performance and broader stakeholder experience.		

The Committee considers that the Directors' Remuneration Policy operated as intended during 2024.

## 2024 performance and pay outcomes summary

### Business performance

#### Key strategic highlights

- Strong operating profit and financial performance
- Strengthen our balance sheet and reinvested in the business
- Through our strong margin and balance sheet, we have been able to accelerate the return of capital to our shareholders
- Our transformation programme is delivering better customer experiences
- Surpassed pre-pandemic capacity
- Continued to build a sustainable business (as we continue to renew our fleet and to invest in SAF)

#### Key statistics

How we performed in 2024:

- Operating profit before exceptional items €4,443 million (+€936 million vly)
- Net debt €7,517 million and total liquidity €13,362 million (-€1,728 million and +€1,738 million vly)
- Net Promoter Score (NPS<sup>1</sup>) 21.0 (+4.4 vly)
- Carbon intensity 78.1 gCO<sub>2</sub>/pkm (-3% vly)
- SAF use (tonnes CO<sub>2</sub> saved) exceeded 469,000 tonnes

### Performance outcomes

#### Annual Incentive Plan

	Threshold	Target	Stretch
Financial (60%)			
Customer (20%)			
Carbon (10%)			
Strategic and role-specific (10%)			

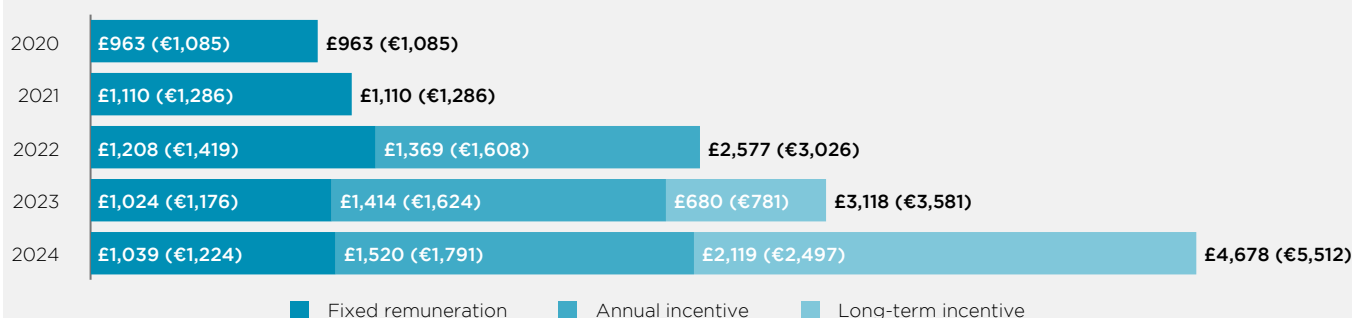
#### Long-Term Incentive Plan

The Committee undertook an assessment of the performance underpin attached to the restricted share awards made in 2022 and agreed that, based on this assessment, the conditions set out in the underpin had been satisfied. As a result it is expected that the award will vest in full in March 2025.

<b>85.7%</b>	<b>-</b>	<b>85.7%</b>
Formulaic outcome (% of maximum)	Committee judgement – no adjustments	Final outcome (% of maximum)

The Committee was presented with a framework to assess whether the underpin had been satisfied, taking into account the overall performance for the financial years 2022, 2023, and 2024.

### IAG Chief Executive Officer remuneration history (£'000)



2020: current IAG CEO appointed in September 2020.

2023: the value shown for long-term incentive has been restated this year using the share price at vesting in June 2024, which was 164 pence. The vesting of the 2021 RSP award was provided in last year's report based on an estimated share price of 152 pence based on a three-month average share price from 1 October 2023 to 31 December 2023.

2024: the value shown for long-term incentive represents the estimated value of the total 2022 RSP awards granted, expected to vest in full in March 2025. The estimate is based on a three-month average share price from 1 October 2024 to 31 December 2024 of 243 pence.

1 For the purpose of the annual incentive award, the weighting of each airline towards the overall NPS score reflects the Group's areas of focus for 2024.

# Remuneration report

## Introduction

The Remuneration Committee is responsible for the preparation of the report of the Remuneration Committee, which is approved by the Board.

The Company's current policy on directors' remuneration was approved by shareholders at the Shareholders' Meeting held on 26 June 2024, following consultation with major shareholders.

As a Spanish incorporated company, IAG is subject to Spanish corporate law. The Spanish legal regime regarding directors' remuneration is substantially parallel to that of the UK as far as directors' remuneration disclosure and approval requirements are concerned.

The Company welcomes the opportunity provided by the Spanish CNMV for allowing companies to prepare free-format reports. Therefore IAG is presenting a consolidated report responding to both Spanish and UK disclosure requirements. This report will be accompanied by a duly completed form which is required by the CNMV covering certain relevant data. This is prepared in accordance with Spanish legislation and is available on the Company's and the CNMV's respective websites.

It is the Company's intention once again to comply voluntarily with all reporting aspects of the UK legislation of 2018, The Companies (Miscellaneous Reporting) Regulations (SI 2018/860) and The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, and to follow UK standards of best practice.

In addition to the Remuneration Committee Chair's statement, this Directors' Remuneration Report contains the Annual Report on Remuneration, which covers the information on directors' remuneration paid in the year under review.

## Directors' Remuneration Policy

### Key elements of pay executive directors

The Company's remuneration approach is to provide total remuneration outcomes that reflect the delivery of the business strategy, are competitive, and take into account each individual's performance. The Committee receives regular updates on the pay and conditions of the Group's employees and takes these into account when considering executive directors' remuneration.

### The current Directors' Remuneration Policy

The Policy, which was approved by shareholders on 26 June 2024, is available on the company website IAG – Directors' Remuneration Policy (iairgroup.com).

### Service contracts and exit payments policy

#### Executive directors

The following is a description of the key terms within the service contracts of executive directors.

The service contracts are available for inspection, on request, at the Company's registered office.

The contracts of executive directors are for an indefinite period.

There are no express provisions in executives' service contracts for compensation payable upon termination of those contracts, other than for payments in lieu of notice.

Executive director	Date of contract	Notice period
Luis Gallego	8 September 2020	6 months – from / 12 months – given

The period of notice required from the executive is six months; the period of notice required from the Company is 12 months. Where the Company makes a payment in lieu of notice, a payment becomes payable only if, in the Company's opinion, the executive has taken reasonable steps to find alternative paid work; and then only in monthly instalments. The payments will comprise base salary only. The Company may reduce the sum payable in respect of any month by any amount earned by the executive (including salary and benefits) relating to work done in that month (for example, as a result of alternative paid work referred to above).

In the event of an executive's redundancy, compensation, whether in respect of a statutory redundancy payment or a payment in lieu of notice or damages for loss of office, is capped at an amount equal to 12 months' base salary. The Company will honour the contractual entitlements of a terminated executive director; however, the Company may terminate an executive's service contract with immediate effect and without

compensation on a number of grounds including where the executive is incapacitated for 130 days in any 12-month period, becomes bankrupt, fails to perform his or her duties to a reasonable standard, acts dishonestly, is guilty of misconduct or persistent breach of his or her duties, brings the Company into disrepute, is convicted of a criminal offence, is disqualified as a director, refuses to agree to the transfer of his or her service contract where there is a transfer of the business in which he or she is working; or ceases to be eligible to work in Spain or the UK (as applicable).

The Committee reserves the right to make any other payments (including, for example, appropriate legal or outplacement fees) in connection with an executive director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of an executive director's office or employment.

Under any of the Company's share plans, save in respect of bonus deferral awards (which will normally vest in full following cessation for any reason), if an executive director leaves, the Board, after considering the recommendation of the Remuneration Committee, may exercise its discretion (within the rules of the schemes) to grant good leaver status. This can be granted in circumstances including for example (list not exhaustive) the director leaving for reasons of ill-health, injury or disability, redundancy, retirement or death. Executive directors leaving with good leaver status will normally receive a pro-rata amount of their RSP shares, subject to the underpin being met, in accordance with the plan rules. The pro-rating is normally calculated according to what proportion of the vesting period the executive director spent in Company service. Normal vesting dates, holding periods and post-cessation shareholding guidelines will normally continue to apply, other than in a limited number of exceptional circumstances in accordance with plan rules and/or at the discretion of the Board. If good leaver status is not granted to an executive director, all outstanding awards made to them will normally lapse.

Executive directors leaving with good leaver status are eligible to receive a pro-rata annual incentive payment for the period of the year actually worked, subject to the usual performance assessment and typically paid in the normal manner following the year end.

In the event of an executive director's termination by the Company, they must not be employed by, or provide services to, a restricted business (i.e. an airline or travel business that competes with the Company) for a period of 12 months.

**Non-executive directors**

Non-executive directors (including the Chair) do not have service contracts. Their appointment is subject to the Board Regulations and the Company's Bylaws. They do not have the right to any compensation in the event of termination as directors. Board members shall hold office for a period of one year. In accordance with UK practice, the non-executive directors' letters of appointment are available for inspection, on request, at the Company's registered office.

**Malus and clawback provisions**

<b>Malus and clawback provisions</b>	Circumstances	<p>The Board, following the advice of the Committee, has authority to reduce or cancel awards before they are satisfied (and/or impose additional conditions on awards), and to recover payments, if special circumstances exist. These special circumstances include (but are not limited to):</p> <ul style="list-style-type: none"><li>• Fraud;</li><li>• Material breach of any law, regulation or code of practice;</li><li>• An error or a material misstatement of results leading to overpayment or over-allocation;</li><li>• Misconduct;</li><li>• Failure of risk management;</li><li>• The occurrence of an exceptional event affecting the Company's value or reputation;</li><li>• Payments based on results that are subsequently found to be materially financially inaccurate or misleading;</li><li>• Serious reputational damage as a result of a participant's behaviour;</li><li>• Corporate failure; and</li><li>• Any other circumstances in which the Board considers it to be in the interests of shareholders for the award to lapse or be adjusted.</li></ul>
	Period	<ul style="list-style-type: none"><li>• For the cash element of the Annual Incentive Plan, clawback provisions apply for three years from the date of payment.</li><li>• For the bonus deferral awards, there will be three years from the date of award in which shares can be withheld, i.e. the entire period from the date of the award until vesting.</li><li>• For RSP awards, clawback provisions apply for two years post vesting.</li><li>• The clawback period for the cash element of the annual incentive plan was chosen as it aligns with the vesting period for the deferred bonus awards. The clawback period for the RSP was chosen as it aligns with the post-vesting holding period. These periods are considered to allow an appropriate amount of time for any of the above circumstances to become known.</li><li>• The proportion of an award to be withheld or recovered will be at the discretion of the Board, upon consideration of the Committee, taking into account all relevant matters.</li></ul>

Malus and clawback provisions were not invoked during 2024.

When setting executive directors' remuneration, the Committee considers the factors set out in Provision 40 of the UK 2018 Corporate Governance Code. IAG operates a simple and clear remuneration framework, and the policy illustrates the potential outcomes under various performance scenarios. Safeguards are in place to mitigate risk, such as malus and clawback and the Committee's ability to apply discretion when determining incentive outcomes. The variable pay elements ensure that outcomes are proportionate to performance, with measures chosen that support the strategy and reinforce IAG's values and culture.



## Annual Remuneration report

The Annual Remuneration report sets out how the Directors' Remuneration Policy (as approved by shareholders at the Shareholders' Meeting on 26 June 2024) was put into practice in 2024 and how it will be implemented in 2025.

### The Remuneration Committee

The Remuneration Committee is regulated by article 32 of the IAG Board Regulations and by its own Regulations last approved on 27 February 2025. A copy of these Regulations is available on the Company's website.

Beyond executive directors, the Committee reviews the remuneration arrangements for members of the IAG Management Committee (and considers remuneration matters related to other senior executives and the wider workforce across the Group).

Article 32 of the Board Regulations ensures that the Remuneration Committee is composed of not less than three independent non-executive directors, who have the dedication, capacity and experience necessary to carry out their function. Heather Ann McSharry chairs the Committee and is also IAG's Senior Independent Director. None of the Committee members has any personal financial interest, other than as a shareholder, in the matters to be decided.

In accordance with the 2018 UK Corporate Governance Code, the Remuneration Committee also has responsibility for reviewing workforce remuneration and related policies, and the alignment of incentives and rewards with culture.

### Statement of voting

The table below shows the consultative vote on the 2023 Annual Directors' Remuneration report and the Directors' Remuneration Policy approval at the 2024 Shareholders' Meeting:

	Number of votes cast	For	Against	Abstentions
2023 Annual Directors' Remuneration report	2,429,999,757 (100)%	2,276,435,642 (93.68)%	23,412,358 (0.96)%	130,151,757 (5.36)%
2024 Directors' Remuneration Policy	2,429,999,757 (100)%	2,232,389,109 (91.87)%	65,902,288 (2.71)%	131,708,360 (5.42)%

### The Committee's activities during the year

In 2024, the Committee met eight times (four scheduled meetings and four extraordinary meetings held in June, July, October and December) and discussed, among other things the following matters:

Meeting	Agenda items discussed
<b>January</b>	<ul style="list-style-type: none"><li>Review of IAG executive directors' Remuneration Policy</li><li>2023 Directors' Remuneration Report and Non-Financial Information Statement</li><li>Management Committee pay benchmarking review</li><li>IAG CEO 2024 base salary review</li><li>Approval of grants under the Restricted Share Plan (RSP)</li></ul>
<b>February</b>	<ul style="list-style-type: none"><li>Validated the report in relation to the proposal to amend the Directors' Remuneration Policy</li><li>Review of the 2023 annual incentive outturn</li><li>Initial assessment of the vesting outcome of the 2021 Restricted Share Plan (RSP) award</li><li>Approval of the 2023 Directors' Remuneration Report</li><li>Approval of the 2024 Annual Incentive Plan</li><li>2024 Management Committee role-specific objectives</li><li>Approval of share awards for senior executives and delegation of authority for future awards</li><li>Share ownership update: review of executive holdings, share awards authority and dilution limits</li></ul>
<b>May</b>	<ul style="list-style-type: none"><li>Market update on executive remuneration trends</li><li>Executive director remuneration</li><li>Review of long-term incentives vehicles: incentivising stretch performance</li><li>2024 Annual Incentive Plan update</li><li>Authorisation for the allotment of shares for IAG share plans</li></ul>
<b>June</b>	<ul style="list-style-type: none"><li>Vesting outcome of the 2021 Restricted Share Plan (RSP) award</li></ul>
<b>July</b>	<ul style="list-style-type: none"><li>Review of market trends and feedback from investors after the 2024 AGM</li><li>Long-term performance incentive approach</li><li>Executive director remuneration (including benchmarking review)</li></ul>
<b>October</b>	<ul style="list-style-type: none"><li>Approval of termination payment for IAG Management Committee member</li></ul>
<b>November</b>	<ul style="list-style-type: none"><li>Market perspective on long-term incentive structures</li><li>Update on 2024 Annual Incentive Plan and FPIP potential outturns</li><li>Workforce remuneration update</li><li>Remuneration strategy for 2025 (including long-term performance incentive scheme)</li></ul>
<b>December</b>	<ul style="list-style-type: none"><li>Consideration of the long-term incentive model</li></ul>

### Advisers to the Committee

The Committee appointed Deloitte as its external adviser in September 2016. Deloitte reports directly to the Committee. The fees paid to Deloitte for advice provided to the Remuneration Committee during 2024 were £156,440 (€184,286), charged on a time and materials basis. Deloitte is a member of the Remuneration Consultants Group and a signatory to its voluntary UK Code of Conduct. As well as advising the Remuneration Committee, other Deloitte teams provided advisory services to other parts of the Group in 2024. The Committee has reviewed the remuneration advice provided by Deloitte during the year and is comfortable that it has been objective and independent.

In addition to Deloitte providing the Remuneration Committee with market updates on pay themes, the Committee also received market data and insights from other specialist consultants such as Aon, PwC and Willis Towers Watson in 2024.

### Consideration of shareholder views

The Company consults regularly with its major investors on all matters relating to executive remuneration. The Company will engage in an extensive investor consultation exercise whenever there are any significant changes to Remuneration Policy.

The Committee discusses each year the issues and outcomes from the Annual Shareholders' Meeting, and determines any appropriate action required as a result.

### Single total figure of remuneration for the Executive Director

The table below sets out a breakdown of the single total figure of remuneration breakdown for the IAG CEO, who was the only executive director during 2024. An explanation of how the figures are calculated follows the table.

	CEO: Luis Gallego			
	£'000 <sup>1</sup>		€'000 <sup>1</sup>	
	2024	2023	2024	2023
Base salary	887	853	1,045	980
Benefits	41	64	49	74
Pension	111	107	131	122
Total fixed remuneration	1,039	1,024	1,224	1,176
Annual incentive	1,520	1,414	1,791	1,624
Cash	1,216	707	1,433	812
Deferred into shares for three years	304	707	358	812
Long-term incentive <sup>2,3</sup>	2,119	680	2,497	781
Total variable remuneration	3,639	2,094	4,287	2,350
<b>Single figure of total remuneration<sup>4</sup></b>	<b>4,678</b>	<b>3,118</b>	<b>5,512</b>	<b>3,581</b>

1 Remuneration is paid to the Executive Director in pounds sterling and expressed in euros for information purposes only.

2 2024 long-term incentive: the value shown in this table represents the estimated value of the 2022 RSP awards granted in March and October 2022, which are expected to vest in full in March 2025. The estimate is based on a three-month average share price from 1 October 2024 to 31 December 2024 of 243 pence.

3 2023 long-term incentive: the value for the vesting of the 2021 RSP award was provided in last year's report based on an estimated share price of 152 pence based on a three-month average share price from 1 October 2023 to 31 December 2023. This has been restated this year using the share price at vesting in June 2024, which was 164 pence.

4 Note that the value shown in this table differs from the value shown in the CNMV Statistical Annex accompanying this report, as the reporting criteria established by the CNMV differ from those used in this table.

### Additional explanations in respect of the single total figure table for 2024

Only the current IAG CEO, Luis Gallego, served as an executive director in 2024. As the sole executive director, the IAG CEO has confirmed in writing that he has not received any other forms of remuneration other than those already disclosed in the table above.

### Base salary

The values shown represent the actual salary paid to the IAG CEO for each performance year.

For 2024, an increase of 4% was awarded. This was below the average increase for the wider workforce, which was more than 5%.

**Taxable benefits**

Taxable benefits include the provision of a company car, a fuel allowance, executive support services and private health insurance.

**Pension-related benefits**

This includes the employer's contribution to a pension scheme and/or cash in lieu of a pension contribution.

**Annual Incentive Plan**

For the CEO's bonus in 2024, our scorecard was weighted to the following measures: 60% operating profit (before exceptional items), 20% customer NPS, 10% carbon efficiency and 10% personal and strategic objectives.

Under these scorecard measures, the bonus outcome was 85.7% of maximum. The outcomes of the performance conditions and outcomes that determined the award are described in detail later in the report.

Under the current Policy, as the IAG CEO has met the 350% shareholding guideline, 80% of the award will be paid out in cash with 20% deferred into shares for three years (if the guideline had not been met, 50% would be deferred into shares for three years).

For 2023, the bonus outcome was 82.9% of maximum. Under the previous policy, half of the annual incentive was deferred into shares for three years; these will vest in March 2027.

**Long-term incentive vesting**

In 2021 the then-existing Performance Share Plan was replaced with a Restricted Share Plan (RSP). The second Restricted Share Plan award comprised two awards, one in March 2022 and another in October 2022, both of which are due to vest in March 2025.

The Committee undertook an assessment of the performance underpin attached to the restricted share awards made in 2022 and agreed that, based on this assessment, the conditions set out in the underpin had been satisfied. As a result the awards will vest in full in March 2025.

More detail on the Committee's assessment can be found later in this report.

**Share price appreciation and depreciation**

The share price at grant was 141 pence and the estimated share price at vest is 243 pence, representing a growth of 102 pence per share. The overall value of the vesting of the 2022 RSP awards that is attributable to share price growth is, therefore, £889,619.

The Committee has not exercised any discretion as a result of share price appreciation or depreciation for any of the remuneration in the above table.

**Life insurance**

The Company provides life insurance and accidental death cover for executive directors. For the year ended 31 December 2024 the Company paid life insurance premium contributions of €17,847 (2023: €17,050).

**Exchange rate for 2024**

For the year to 31 December 2024, the £:€ exchange rate applied is 1.1780 (2023: 1.1486).

## Variable pay outcomes

### 2024 Annual Incentive Plan

The IAG Annual Incentive Plan supports the business strategy through incentivising the delivery of identified priorities within the reporting period. The measures selected reflect the most important priorities for the Group for the year to deliver long-term sustainable returns. For 2024, the Board at the beginning of the year, following a recommendation by the Committee, set the following measures:

Weighting	KPI	Description
<b>60% financial</b>	IAG operating profit (before exceptional items)	For 2024 it was considered that operating profit continued to be the most appropriate financial KPI in aligning shareholder interest with the Company
<b>20% customer</b>	Group Net Promoter Score by relevance (NPS)	NPS is used to gauge the loyalty and experience of the Group's customer relationships. It is calculated based on survey responses to the likelihood to recommend, by subtracting the percentage of customers who are 'detractors' from the percentage of customers who are 'promoters'. The weighting of each airline in the overall NPS score reflects the Group's areas of focus for 2024
<b>10% IAG-specific carbon efficiency measure</b>	Group grammes of CO <sub>2</sub> per passenger kilometre (gCO <sub>2</sub> / pkm)	This measure reflects our progress towards our Flightpath net zero 2050 commitment; it measures the fuel efficiency of our flight operations, taking account of our network, aircraft mix and passenger load factors
<b>10% strategic and role-specific</b>	Operational performance	Drive the operational performance of the airlines against agreed customer, operational, and financial targets
	Competitiveness	Define and implement medium-term strategic plan that strengthens IAG's position in key markets
	Transform IAG	Define and implement key projects that transform cost, customer experience and culture
	Sustainability	Delivery of SAF plan to underpin net zero ambition
	People	Build culture and capability to underpin the Group's long term success. Continue to drive bench-strength and diversity of leadership including transition of new airline CEOs

## IAG CEO Annual Incentive Plan – performance against targets

Under the Policy, the IAG CEO has a maximum annual incentive opportunity of 200% of contractual salary. The table below details the approved 2024 performance measures and the Board's assessment of both Company and individual IAG CEO performance:

Category	Measure type	Weighting	Threshold	Target	Stretch	Performance delivered	Payout % of maximum for each measure	Weighted payout %	CEO incentive outcome (£'000)
			At which payments begin (20% pay-out)	(50% pay-out)	Max pay-out (100%)				
<b>Financial measures</b>	Operating profit before exceptional items (€m)	60%	2,418	3,455	4,491				
<b>2024</b>						4,443	97.7%	58.6%	£1,039
<b>Description of performance</b>									
In 2024, the Group benefited from strong demand for travel across our core markets. Capacity growth was particularly strong in LACAR which grew 12% versus 2023, while Domestic (Spain and UK) and North Atlantic grew 6% and 3% respectively. All of our airlines developed their networks and grew capacity versus last year, with increased load factors. IAG also benefited from lower fuel unit costs with increased capacity offset by reduced average commodity fuel prices during the year. The result was a strong operating profit before exceptional items for the year of €4,443 million, versus a target of €3,455 million.									
			17.14	22.85	28.56				
<b>Customer</b>	NPS <sup>1</sup>	20%				21.0	40.4%	8.1%	£144
<b>2024</b>									
<b>Description of performance</b>									
The outcome for 2024 was 21.0 (4.4pts higher than 2023) vs a target of 22.85. Disruptions, stemming from diverse factors such as air traffic control and fleet and supply chain challenges, impacted negatively our NPS. To mitigate this impact our airlines have invested in fleet, IT, customer propositions and operational resilience aimed at improving on-time performance, communication and support during disruptions and all baggage-related processes, among others. Positive impacts to our NPS can be attributed to substantial investment in our cabins and cabin product, digitalisation and personalising the customer journey and rewarding customers through loyalty programmes and benefits. NPS continues to be a key area of focus for both management team and the Board.									
1 For the purpose of the annual incentive award, the weighting of each airline towards the overall NPS score reflects the Group's areas of focus for 2024.									
			81.5	80.2	78.9				
<b>Carbon</b>	gCO <sub>2</sub> /pkm	10%				78.1	100.0%	10.0%	£177
<b>2024</b>									
<b>Description of performance</b>									
The outcome for 2024 was 78.1 vs a target of 80.2. IAG is targeting net zero emissions by 2050 across its Scope 1, 2, and 3 emissions. IAG's interim targets are an 11% improvement in fuel efficiency 2019-2025, a 20% drop in net Scope 1 and 3 emissions 2019-30, and 10% SAF in 2030.									
IAG achieved in 2024 its 2025 target, and is on track to deliver its 2030 and 2050 climate targets by carrying out emission reduction initiatives, working in collaboration with key stakeholders and proactively advocating for supportive government policy and technology development. Key measures to reduce emissions are fleet modernisation, sustainable aviation fuel (SAF), market-based measures including the UK and EU ETS and CORSIA, and carbon removals.									
<b>Strategic and role-specific objectives</b>	As described in the table on the previous page	10%	Low (0% to 40%)	Good to high (45% to 65%)	Exceptional (70% to 100%)	Exceptional	90.0%	9.0%	£160
<b>Description of performance</b>									
The Committee and the Board considered the CEO's performance against the KPIs set out on the previous page and assessed his performance against each of those indicators. The IAG CEO has played a critical role in delivering the strong performance for the Group in 2024, as set out in the Strategic Report, and in navigating the Group through industry headwinds, ongoing geopolitical changes and conflicts and an evolving political landscape and policy environment.									
<b>Total</b>		<b>100%</b>						<b>85.70%</b>	<b>£1,520</b>



For all measures, there is a straight-line sliding scale between the threshold level and the on-target level, and between the on-target level and the stretch target level.

As at 31 December 2024 the CEO of IAG had a shareholding of 643% of basic salary, meeting the 350% shareholding guideline, therefore, 80% of the annual incentive award will be paid in cash with 20% deferred into shares for three years.

#### 2024 CEO performance annual incentive award outcome

Formulaic scorecard outcome	Remuneration Committee judgement	Final scorecard outcome as % of maximum	85.70%
85.70%	–		X
% of maximum	No adjustment		
		Maximum bonus opportunity (% of base pay)	200%
			X
		Base pay (£'000)	£887
			=
		2024 Annual Incentive Award (£'000 shown in single figure table)	£1,520 €1,791

#### IAG Restricted Share Plan (RSP) awards

The RSP was introduced from 2021 to increase the alignment of both interests and outcomes between the Group's senior management and shareholders through the build-up and maintenance of senior management shareholdings and to drive an increased focus on the long-term, sustainable performance of the Company.

A three-year vesting period and further two-year holding period apply to RSP awards for executive directors, with vesting being dependent upon a satisfactory review of the discretionary underpin by the Remuneration Committee.

Malus and clawback provisions apply to RSP awards, enabling the reduction of awards right down to nil value to further ensure that corporate or individual failure is not rewarded under the plan.

#### 2022 Restricted Share Plan (RSP) award vesting

The second Restricted Share Plan award comprised two awards, one in March 2022 and another in October 2022, both of which are due to vest in March 2025. The Committee undertook an assessment of the performance underpin which applies to the restricted share award and considers IAG's overall financial and non-financial performance.

As part of this process, the Committee was presented with a framework to assess whether the underpin had been satisfied, taking into account the overall performance for the financial years 2022, 2023, and 2024. The different elements considered included:

- The overall financial results for the period. The Committee's assessment took into account overall profitability, operating margins (including against comparable airlines), revenue, cash generation, return on capital and the Company's investment in fleet, customer and transformation. The Committee was satisfied that the conditions of the underpin in this regard had been satisfied.
- The Group's performance against key non-financial and operational performance measures, including progress towards IAG's sustainability ambitions and its broader social agenda (including diversity and inclusion). The Committee was satisfied that the conditions of the underpin in this regard had been satisfied.
- IAG's risk context. The Group's overall performance has been fundamentally in line with its approved risk appetite and internal control framework and no material issues have been identified.
- The Group's wider stakeholder experience in the period. This does not give rise to any material concerns.

The purpose of the framework was to ensure that the RSP outcome can be justified and to guard against payment for failure. The Committee agreed that, based on its assessment, the conditions set out in the underpin had been satisfied. As a result the 2022 RSP awards will vest in full in March 2025. The award is subject to a two-year holding period.

2022 RSP (number of shares awarded)	872,860
	X
Estimated share price <sup>1</sup>	£2.43
	=
Award shown in the single figure table (£'000) <sup>2</sup>	£2,119 €2,497

1 Value shown represents the estimated value of the 2022 RSP award vesting in March 2025. The estimate is based on a three-month average share price from 1 October 2024 to 31 December 2024.

2 When reviewing the vesting outcome for the 2022 RSP, the Committee was mindful that the share price has increased 72% over the vesting period (estimated vesting share price versus share price at grant). The Committee gave careful consideration to the share price evolution, and to the delivery of the strategy and transformation. As such, no discretion was exercised in respect of share price appreciation.

#### Scheme interests awarded during the financial year 2024 Restricted Share Plan (RSP)

Type of award	Company shares
Basis of determination of the size of award	Awards only made to consistently high-performing executives in key roles who have the potential to take on greater organisational responsibility and whom the Company wishes to retain for the long term.
Executive director award face value	IAG CEO (Luis Gallego) – 150% of base salary
Date of grant	March 2024
Grant price	£1.52 <sup>1</sup>
Vesting period	Three years: March 2024 to March 2027
Holding period	Two years: March 2027 to March 2029
Discretionary underpin description	No performance measures are associated with the awards. Vesting will be contingent on the satisfaction of a discretionary underpin, assessed over the financial years 2024, 2025 and 2026 of the Company (i.e. 1 January 2024 to 31 December 2026). In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance measures, as well as any material risk or regulatory failures identified. Financial performance may include elements such as revenue, profitability, cash generation and return on capital; and may be benchmarked against comparable airlines. Non-financial performance may include a range of operational and strategic measures critical to the Company's long-term sustainable success. This assessment will ensure any value delivered to executive directors is fair and appropriate in the context of the performance of the business and experience of our stakeholders and that corporate or individual failure is not rewarded. In the case of significant failure on the part of the Company or the individual, vesting may be reduced, including to nil. Full disclosure of the Remuneration Committee's considerations in assessing the underpin will be disclosed in the relevant Directors' Remuneration Report.

1 Average closing share price between 6 March 2024 and 12 March 2024

### Total pension entitlements

Luis Gallego is not a member of the Company's pension scheme, and the Company, therefore, did not pay any contributions in his time as an executive director during the reporting period (1 January 2024 to 31 December 2024). He received cash in lieu of contributions of £110,864. This value is equivalent to 12.5% of base salary paid during the financial year and is comparable to the rate for the majority of the UK workforce.

### Statement of executive directors' shareholdings and share interests

In order that their interests are aligned with those of shareholders, executive directors are required to build up and maintain a minimum personal shareholding in the Company.

Under the Group's shareholding guidelines, the IAG CEO is required to build up and maintain a shareholding of 350% of salary and other executive directors would be required to build up and maintain a shareholding of 200% of basic salary.

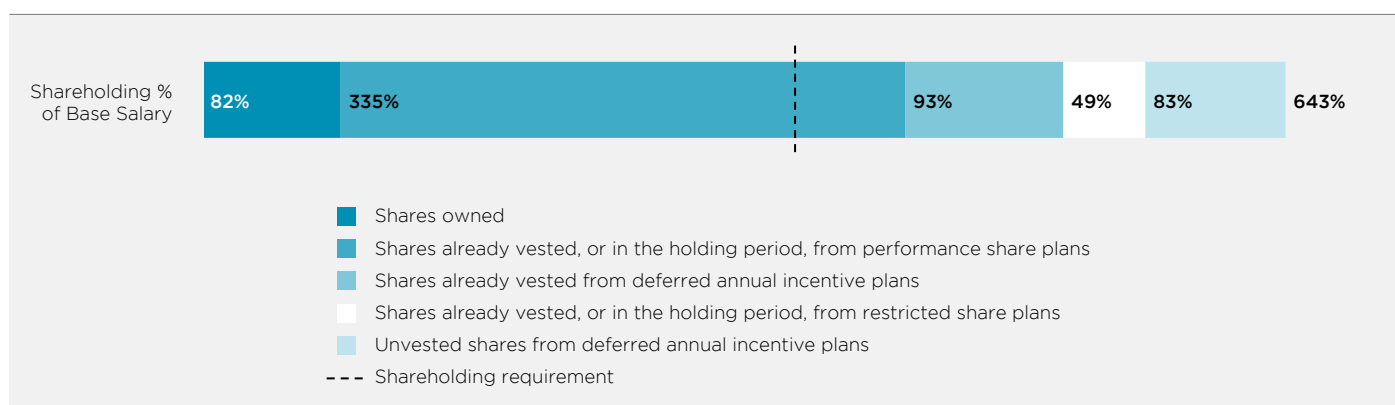
In addition, executive directors are required to retain all shares received via incentive plans until 100% of their shareholding requirement is attained.

The Committee has reviewed the IAG CEO's progress against the requirement and notes that he is compliant with the Policy requirement.

CEO, Luis Gallego	Policy requirement	<div style="width: 350%;"></div>	3.5 times salary
	Actual	<div style="width: 643%;"></div>	6.43 times salary (2,069,660 shares)

Shares which qualify under the Policy include shares already held by the executive, vested and exercised shares, vested and unexercised shares including those in the Performance Share Plan holding period, vested shares in the Restricted Share Plan holding period and unvested deferred annual incentive shares.

The chart and table below summarise current executive directors' interests as of 31 December 2024:



Executive director	Shareholding requirement	Shares owned	Shares already vested, or in the holding period, from performance share plans	Shares already vested from deferred annual incentive plans	Shares already vested, or in the holding period, from restricted share plans	Unvested shares from deferred annual incentive plans	Total qualifying shares held <sup>1</sup>	Consequence of a +/- €0.5 share price change (€)
Luis Gallego	350 % of salary	403,834	684,908	277,619	219,926	483,374	2,069,660 (643% of salary)	1,034,830

<sup>1</sup> In accordance with the Policy, the share price used to calculate the percentage of salary guideline is either the share price on the date of award or on the date of vesting/exercise.

On departure from the Group, executive directors will be required to hold an amount of shares in line with their in-employment shareholding requirement (or the number of shares that they own at departure if lower) for two years from their date of termination. Shares will normally be retained in the nominee account administered by the Company to ensure this.

There have been no changes to the shareholdings set out above between 31 December 2024 and the date of this report.

### External non-executive directorship

The Company's consent is required before an executive director can accept an external non-executive appointment and permission is only given in appropriate circumstances. The current executive director has no external non-executive appointments.

### IAG CEO remuneration history

The table below shows the IAG CEO single total figure of remuneration for the latest ten-year rolling period:

		IAG CEO – total single figure of remuneration	Annual incentive payment as a percentage of the maximum	Long-term incentive vesting as a percentage of the maximum
2015	Willie Walsh	£6,455,000	80.00 % of maximum	100.00 % of maximum
2016		£2,462,000	33.33 % of maximum	50.00 % of maximum
2017		£3,954,000	92.92 % of maximum	66.67 % of maximum
2018		£3,030,000	61.85 % of maximum	46.19 % of maximum
2019		£3,198,000	51.97 % of maximum	72.11 % of maximum
2020	Willie Walsh	£662,000	No annual incentive payment	Zero vesting of long-term incentives
	Luis Gallego	£301,000	No annual incentive payment	Zero vesting of long-term incentives
2021	Luis Gallego	£1,110,000	No annual incentive payment	Zero vesting of long-term incentives
2022		£2,577,000	83.5 % of maximum	Zero vesting of long-term incentives
2023		£3,118,000	82.9 % of maximum	– <sup>1</sup>
2024		£4,678,000	85.7 % of maximum	– <sup>1</sup>

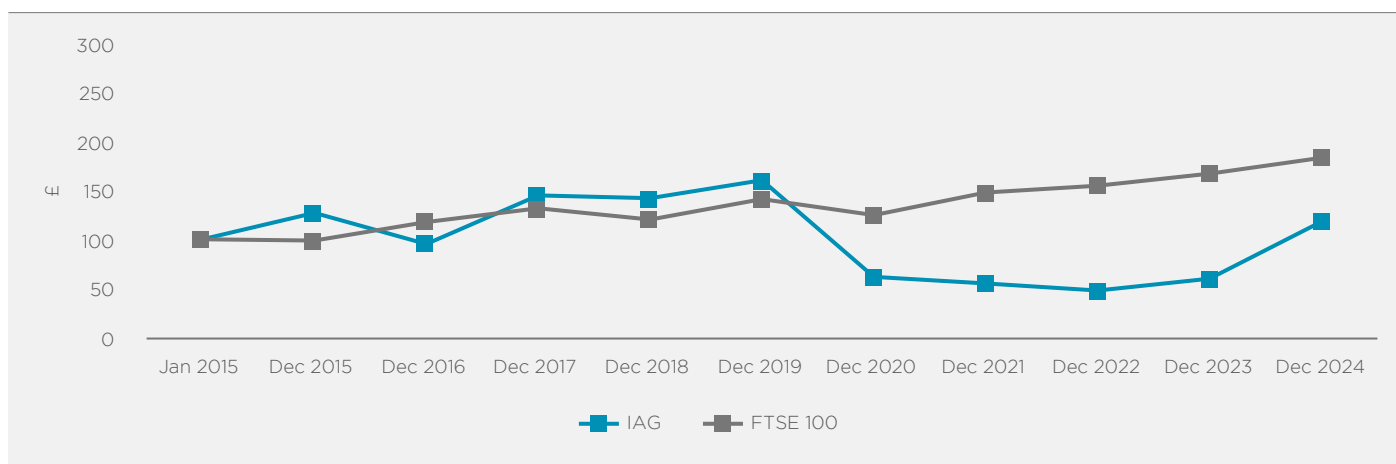
<sup>1</sup> 2023 and 2024 long-term incentives: from 2021, restricted share awards were granted to the IAG CEO which have no performance conditions and vest subject to the satisfaction of performance underpins. The values of the restricted share awards are included in the single total figure table in the relevant years.

The single total figure of remuneration includes basic salary, taxable benefits, pension-related benefits, Annual Incentive Award and any long-term incentive vesting.

### IAG's total shareholder return (TSR) performance compared to the FTSE 100

The chart below shows the value by 31 December 2024 of a hypothetical £100 invested in IAG shares on 1 January 2015 compared with the value of £100 invested in the FTSE 100 index over the same period. The other points plotted are the values at intervening financial year ends. A spot share price has been taken on the date of listing, and a three-month average has been taken prior to the year ends.

The FTSE 100 was selected because it is a broad equity index of which the Company is a constituent, and the index is widely recognised.



In 2024 IAG was the top performing FTSE stock.

### Non-executive directors

Non-executive directors are paid a flat fee each year, as per the following table.

Role	2024 fee	2025 fee
Non-executive Chairman	€645,000	€645,000
Non-executive directors	€120,000	€120,000
Additional fee for Chair of the Audit and Compliance Committee and of the Remuneration Committee	€30,000	€30,000
Additional fee for Chair of the Nominations Committee <sup>1</sup> and of the Safety, Environment and Corporate Responsibility Committee	€20,000	€20,000
Additional fee for Senior Independent Director	€30,000	€30,000

1 The Chairman of the Board chairs the Nomination Committee. As such, he does not receive any additional fees for chairing this Committee.

The fees for non-executive directors were last reviewed in October 2023. The fee for the position of non-executive director will remain unchanged for 2025, as it has been since 2011.

However, the Board, following a recommendation from the Remuneration Committee, agreed that from 1 January 2024, the additional fee for chairing a Committee would increase to €30,000 for the Chair of the Audit and Compliance Committee and Chair of the Remuneration Committee. This more closely reflects the complexity and time commitment of these roles.

### Single total figure of remuneration for each non-executive director

The total remuneration of each of the non-executive directors for the years ended 31 December 2024 and 31 December 2023 is set out in the table below.

Director (€'000)	2024			2023		
	Fees	Taxable benefits	Total	Fees	Taxable benefits	Total
Javier Ferrán	645	23	<b>668</b>	645	8	653
Heather Ann McSharry <sup>1</sup>	180	10	<b>190</b>	170	3	173
Giles Agutter <sup>2</sup>	59	–	<b>59</b>	120	–	120
Peggy Bruzelius	120	1	<b>121</b>	120	4	124
Eva Castillo <sup>1,3</sup>	133	23	<b>156</b>	120	2	122
Margaret Ewing <sup>1,3</sup>	138	10	<b>148</b>	140	4	144
Maurice Lam	120	23	<b>143</b>	120	9	129
Bruno Matheu <sup>4</sup>	62	–	<b>62</b>	–	–	–
Robin Phillips	120	15	<b>135</b>	120	18	138
Emilio Saracho	120	13	<b>133</b>	120	11	131
Nicola Shaw	140	–	<b>140</b>	140	4	144
<b>Total (€'000)</b>	<b>1,837</b>	<b>118</b>	<b>1,955</b>	<b>1,815</b>	<b>63</b>	<b>1,878</b>

1 From 1 January 2024 received an increase in fee for chairing the Remuneration Committee or Audit and Compliance Committee (from €20,000 to €30,000).

2 Giles Agutter stepped down from the Board in June 2024, and his fees reflect a part-year of service.

3 Eva Castillo replaced Margaret Ewing as Chair of the Audit and Compliance Committee from 1 August 2024.

4 Bruno Matheu was appointed in June 2024, and his fees reflect a part-year of service.

### Additional explanations in respect of the single total figure table for each non-executive director

Each non-executive director has confirmed in writing that they have not received any other forms in the nature of remuneration other than those already disclosed in the table above.

### Taxable benefits

Taxable benefits for non-executive directors relate to personal travel benefits.

### Exchange rates

For the year to 31 December 2024, the £:€ exchange rate applied is 1.1780 (2023: 1.1486).



### Directors' interests in shares

	Total shares and voting rights	Percentage of capital
Javier Ferrán	774,750	0.016 %
Luis Gallego	1,366,361	0.027%
Peggy Bruzelius	-	- %
Eva Castillo	-	- %
Margaret Ewing	18,750	- %
Maurice Lam	-	- %
Bruno Matheu	-	- %
Heather Ann McSharry	55,000	0.001 %
Robin Phillips	-	- %
Emilio Saracho	-	- %
Nicola Shaw	4,285	- %
<b>Total</b>	<b>2,219,146</b>	<b>0.045 %</b>

There have been no changes to the shareholdings set out above between 31 December 2024 and the date of this report.

### Payments to past directors

Travel benefits were received during 2024 by the following former non-executive directors:

Former non-executive directors	Value
Alberto Terol	€20,000
Patrick Cescau	€32,000
Maria Fernanda Mejia	€28,000
Kieran Poynter	€13,000
Dame Marjorie Scardino	€6,000
James Lawrence	€29,000

Wider workforce in 2024

A key area of focus for the Committee over 2024 was understanding the broader workforce experience and reviewing the actions taken to support our wider workforce.

Workforce experience highlights

- Within IAG's unique operating model, employee reward is owned and managed within each operating company, to enable them to deliver the right customer and employee experience.
- Our employees have been central to our transformation and key to delivering for our customers. Operating companies continue to support our people and ensure our pay models are sustainable, fair and aligned to the operating company's competitiveness.
- 85% of employees are covered by collective bargaining agreements with more than 30 collective bargaining agreements in place across the Group.
- The Committee has received regular updates on workforce experience and in particular the steps the operating companies have taken to support colleagues, both in terms of support with cost of living challenges, and their overall wellbeing.
- This includes regular updates on the investments our operating companies have made in improving the colleague experience and our employee benefit schemes. This includes enhanced flexible benefits offerings (e.g. enhanced British Airways staff travel), mental health and physical health offerings (e.g. implementation of EAPs (employee assistance programmes) and free menopause support) and financial wellbeing support.
- The Committee's insight into the experience of our colleagues helps to ensure that our decisions regarding executive remuneration take into account the approach taken across our workforce and reflect the expectations of all our stakeholders.

Engaging with employees	Workforce remuneration	Gender pay
<p>All members of the Remuneration Committee (among other Board members) participate as designated directors in the Board workforce engagement plan. This engagement includes remuneration and other workforce experience matters relevant to the Committee.</p> <p>The key themes from the 2024 engagement were shared with the Board in order to understand colleague experiences and to identify any areas for improvement. Further details of the Board engagement with employees is set out in the Stakeholder engagement section of the Corporate Governance report.</p>	<p>Each operating company has sought to reach collective agreements that best support colleagues while ensuring the business and pay remain competitive. Agreements reached have included changes in allowances, one-off payments and contractual pay increases throughout the Group.</p> <p>Each operating company is committed to creating a positive working environment and also to actively contribute to and support the overall wellbeing of every colleague through the provision of a comprehensive range of health, financial and lifestyle benefits.</p>	<p>Operating companies have implemented a range of initiatives to support gender equality, including reviewing recruitment processes to ensure diverse shortlists and interview panels; setting up mentoring and networking opportunities for women; and providing educational programmes for girls and young women considering career paths in aviation.</p> <p>In 2024, as the Group continued to expand its workforce, particularly in customer service, airport supervisory and other corporate roles, the composition of the workforce evolved, resulting in changes to the median pay point for both men and women compared to 2023. The result is that at Group level, there has been a year-on-year reduction in the median salary gap from 8.4% in 2023 to 5.1% in 2024.</p> <p>Further details of the gender pay gap is set out in the Sustainability Statement section of the report.</p>

Remuneration decisions made by the Committee align with our strategy, with our stakeholders' interest in our delivery of long-term sustainable value, and with the interests of the wider workforce. Our approach is in line with the principles set out in our Policy.

### Alignment of executive director and workforce remuneration

The Committee has oversight of workforce remuneration and related policies across the Group and takes this knowledge into account when setting remuneration for the IAG CEO and senior management. The table below summarises the remuneration structure for the wider workforce.

	IAG CEO	Below Board level
<b>Base salary</b>	<p>From 1 January 2024: £886,912 (€1,018,707) (an increase of 4% from 2023). Below the average increase for the majority of the wider workforce.</p> <p>Salary increases as a percentage of salary are normally aligned with, or lower than, those of the wider workforce.</p>	<p>85% of our employees are covered by collective bargaining agreements. Salary increase budgets for employees are determined by each operating company on a country-by-country basis.</p> <p>Salary increases reflect position against market, performance, skills, contribution and development in role.</p> <p>If we compare the 2024 base salary increases of the IAG CEO against the UK workforce in 2024, of the 35,408 employees present in both 2023 and 2024, the average salary increase awarded was 5.5% of contractual base salary.</p>
<b>Taxable benefits</b>	Benefit packages are broadly aligned with those of other employees who joined in the same country at the same time.	Benefits are set by operating companies at a competitive level and are appropriate given local market practice.
<b>Pension</b>	Pension contribution of 12.5% of salary in line with the rate applicable to the majority of the workforce in the country in which the individual is based.	Pension arrangements reflect local market practices and requirements.
<b>Annual Incentive Awards</b>	<p>The maximum opportunity in the Annual Incentive Plan is 200% of salary.</p> <p>The majority of the annual incentive is based on financial measures. In 2024, 60% was based on operating profit before exceptional items, 20% on customer NPS, 10% on an IAG-specific carbon efficiency measure to further drive progress towards our Flightpath net zero 2050 commitment, and 10% on strategic and personal objectives.</p> <p>Under the current Policy, as the IAG CEO has met the 350% shareholding guideline, 80% of the award will be paid out in cash with 20% deferred into shares for three years (if the guideline had not been met, 50% would be deferred into shares for three years).</p>	<p>For eligible employees incentive plans were in place against objectives designed to focus on financial, customers, carbon efficiency and personal targets. Opportunities vary by role and outturns and payments against these plans were managed at a local level.</p>
<b>Long-term incentives</b>	<p>Maximum restricted share plan opportunity of 150% of base salary, and subject to the satisfaction of performance underpins.</p> <p>Awards are also subject to a three-year vesting period followed by a two-year holding period.</p>	<p>Restricted share awards are granted to senior managers across the Group to incentivise long-term shareholder value creation.</p> <p>Also by exception, other identified employees may participate where an award of long-term incentives is deemed critical to retention.</p>

### CEO pay ratio

The ratios set out in the table below compare the total remuneration of the CEO (as included in the single figure table) to the remuneration of a median UK employee as well as the UK employees at the lower and upper quartiles. The disclosure will build up over time to cover a rolling 10-year period.

Year	CEO single figure (£'000)	Method <sup>1</sup>	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
<b>2024</b>	<b>4,678</b>	<b>Option A</b>	<b>89:1</b>	<b>74:1</b>	<b>48:1</b>
2023	3,118	Option A	63:1	51:1	33:1
2022	2,577	Option A	59:1	45:1	29:1
2021	1,110	Option A	29:1	21:1	14:1
2020	963	Option A	34:1	23:1	15:1
2019	3,198	Option A	109:1	72:1	49:1

The pay ratio figures in the above table are calculated using the following UK employee remuneration information:

Year	UK employee pay	25th percentile pay	Median pay	75th percentile pay
<b>2024<sup>2</sup></b>	<b>Basic salary (£'000)</b>	<b>33.1</b>	<b>47.7</b>	<b>72.7</b>
	<b>Total remuneration (£'000)</b>	<b>52.6</b>	<b>63.6</b>	<b>97.7</b>
2023	Basic salary (£'000)	30.2	43.5	66.8
	Total remuneration (£'000)	49.2	61.4	95.3
2022	Basic salary (£'000)	27.7	40.9	62.4
	Total remuneration (£'000)	43.4	57.1	90.5

1 The ratio continues to be calculated on the most statistically accurate basis, Option A. UK employee pay is based on the payroll records of 42,066 employees who were in the Group for the whole of or some of 2024.

2 To ensure the accuracy of these calculations, earnings data were collected directly from the UK payroll on a month-by-month basis. Any variable incentive elements in respect of 2024, payable to employees later in 2025, are modelled on an employee-by-employee basis against agreed frameworks. This approach enables fair and accurate comparison to the IAG CEO 2024 single total figure of remuneration.

The increase in the UK employee remuneration in 2024 reflects:

- Operating companies are responsible for reward frameworks and terms and conditions, and seek to ensure that the work colleagues do is appropriately reflected in their remuneration and are aligned to local market, sustainable and competitive in attracting the best talent.
- Across our operating companies we have put in place a number of programmes to support our people.
- Payments made to managers under the 2024 Annual Incentive Plan and under the Restricted Share Plan.
- Changes to the size and composition of the UK workforce between years, with pay for 40,248 employees being reported for 2023 and 42,066 for 2024.

The change in the IAG CEO's remuneration between 2023 and 2024, is due to:

- An increase of 4% in basic salary for 2024, below the average increase of the wider workforce (4% increase in 2023 was first increase since appointment, with no increase in 2021 and 2022, 10% reduction in 2021 and 20% reduction in 2020).
- The inclusion of an estimated value of the 2022 RSP awards, which will vest in full in March 2025, and be released at the end of the normal two-year holding period.

The median pay ratio for 2024, and the recent trends in pay ratios, are consistent with IAG's remuneration framework and reflect the variable nature of the IAG CEO's total remuneration. The Committee is satisfied that the median pay ratio reported this year is consistent with our pay policies in the UK and in line with market, experience and skills.

Other details of the CEO pay ratio is set out in the Sustainability Statement section of the report.

### Change in directors' remuneration compared to employees'

The table below shows a comparison of the change in year-on-year remuneration for directors of the Group, to the equivalent change for UK employees from 2021 to 2024.

Director	2023 to 2024			2022 to 2023			2021 to 2022		
	Salary or fees	Taxable benefits	Annual incentive	Salary or fees	Taxable benefits	Annual incentive	Salary or fees <sup>1</sup>	Taxable benefits	Annual incentive
Luis Gallego <sup>2</sup>	7 %	(34)%	10 %	2 %	(78)%	1 %	13 %	3 %	100 %
Javier Ferrán	– %	188 %		– %	60 %		13 %	25 %	
Heather Ann McSharry <sup>3</sup>	6 %	233 %		16 %	(50)%		36 %	100 %	
Giles Agutter <sup>4</sup>	(51)%	– %		– %	– %		11 %	(100)%	
Peggy Bruzelius	– %	(75)%		– %	100 %		11 %	– %	
Eva Castillo <sup>5</sup>	11 %	1050 %		– %	– %		11 %	100 %	
Margaret Ewing <sup>6</sup>	(1)%	150 %		– %	33 %		11 %	100 %	
Maurice Lam <sup>7</sup>	– %	156 %		– %	(25)%		107 %	500 %	
Bruno Matheu <sup>8</sup>	100 %	100 %		– %	– %		– %	– %	
Robin Phillips	– %	(17)%		– %	350 %		11 %	100 %	
Emilio Saracho	– %	18 %		– %	– %		11 %	57 %	
Nicola Shaw	– %	(100)%		– %	(67)%		14 %	100 %	
<b>All UK employees<sup>9,10</sup></b>	<b>10 %</b>	<b>– %</b>	<b>30 %</b>	<b>6 %</b>	<b>– %</b>	<b>93 %</b>	<b>3 %</b>	<b>– %</b>	<b>(37)%</b>

1 The comparison of fees for all directors in respect of 2021 and 2022, reflects a 10% COVID-19 related reduction operated for the full year in 2021.

2 Luis Gallego: An increase of 4% in basic salary for 2024 (below the average increase for the wider workforce). The comparison of 2021 vs 2022 reflects the first year since appointment in 2020 receiving full contractual salary and the first Annual Incentive Award since 2019.

3 The uplift in fees for Heather Ann McSharry between 2024 and 2023 reflects the increase in fee for chairing the Remuneration Committee. The increase between 2022 and 2021 reflects her appointment as Senior Independent Director and Remuneration Committee Chair from June 2022.

4 Giles Agutter: stepped down from the Board in June 2024, and his fees reflect a part year of service.

5 Eva Castillo was appointed Chair of the Audit and Compliance Committee from 1 August 2024. The uplift in fees between 2024 and 2023 reflects the increase in fee for chairing the Audit and Compliance Committee.

6 Margaret Ewing was Chair of the Audit and Compliance Committee until August 2024.

7 Maurice Lam: the comparison of 2021 vs 2022 reflects a part year of director service in 2021 versus a full year in 2022.

8 Bruno Matheu was appointed in June 2024.

9 The All UK employees 2023 and 2024 salary medians underlying the 10% uplift in median salary are taken from UK employee earnings published in the 2024 CEO pay ratio section.

10 The reported change in the median value of all UK employee annual incentives from 2023 to 2024 (30%) reflects the strong financial performance of the Group in the year.

### Relative importance of spend on pay

The table below shows, for 2024 and 2023, total remuneration costs, operating profit before exceptional items and dividends for the Company.

	2024	2023
Total employee costs, IAG <sup>1</sup>	<b>€6,356,000,000</b>	€5,423,000,000
Total remuneration, directors (including non-executive directors)	<b>€4,612,800</b>	€4,678,000
IAG operating profit before exceptional items	<b>€4,443,000,000</b>	€3,507,000,000
Dividend declared	<b>€147,000,000</b>	–
Dividend proposed	<b>€288,000,000</b>	–

1 Total employee costs are before exceptional items.



### Supplementary information – directors' share options and shares

The following table details the nil-cost options over ordinary shares of the Company granted to the current IAG CEO under the IAG PSP as at 31 December 2024:

Director	Date of grant	Number of options at 1 January 2024	Exercise price	Options exercised during the year	Options lapsed during the year	Options granted during the year	Exercisable from	Expiry date	Number of options at 31 December 2024
Luis Gallego	May 2015	131,242	1,4290	131,242	-	-	1/1/2020	31/12/2024	-
	March 2016	98,001	1,4290	98,001	-	-	1/1/2021	31/12/2025	-
	March 2017	174,504	1,4290	174,504	-	-	1/1/2022	31/12/2026	-
<b>Total nil-cost options over ordinary shares</b>		<b>403,747</b>		<b>403,747</b>	<b>-</b>	<b>-</b>			<b>-</b>

The value attributed to the Company's ordinary shares in accordance with the Plan rules on the date of the PSP awards was 2017: 546 pence; 2016: 541 pence; and 2015: 550 pence.

The following table details the conditional awards over ordinary shares granted under the Restricted Share Plan (RSP) to executive directors:

Director	Date of grant	Number of conditional shares granted	Vesting date	Shares lapsed at vesting due to underpin	Holding period expiry date	Number of unvested conditional shares at 31 December 2024	Number of vested conditional shares at 31 December 2024
Luis Gallego	June 2021	414,954	June 2024	-	June 2026	-	414,954
	March 2022	581,907	March 2025	-	March 2027	581,907	-
	October 2022	290,953	March 2025	-	March 2027	290,953	-
	March 2023	835,751	March 2026	-	March 2028	835,751	-
	March 2024	874,437	March 2027	-	March 2029	874,437	-
<b>Total conditional share awards (RSP)</b>		<b>2,998,002</b>				<b>2,583,048</b>	<b>414,954</b>

RSP awards are subject to a discretionary underpin prior to vesting. This underpin review, performed by the Remuneration Committee, considers the Company's overall performance, including financial and non-financial performance measures, as well as any material risk or regulatory failures identified. In the event of a significant failure on the part of the Company or the executive director, malus and clawback provisions are available to the Remuneration Committee.

The value attributed to the Company's ordinary shares in accordance with the Plan rules on the date of the RSP awards was 2024: 152 pence (2023: 153 pence, both awards in 2022: 141 pence and 2021: 198 pence).

### Incentive Award Deferral Plan (IADP)

Under the current Policy, if the IAG CEO has met the 350% shareholding guideline then 20% of any Annual Incentive Award for executive directors is made in deferred shares under a plan called the Executive Share Plan (otherwise 50% is deferred into shares). Under this Plan, incentive award shares are deferred for three years from date of grant. The following table details the current executive director's holdings of conditional awards over ordinary shares of the Company granted under the IAG IADP. Awards are shown for the performance periods ended 31 December 2022 and 31 December 2023.

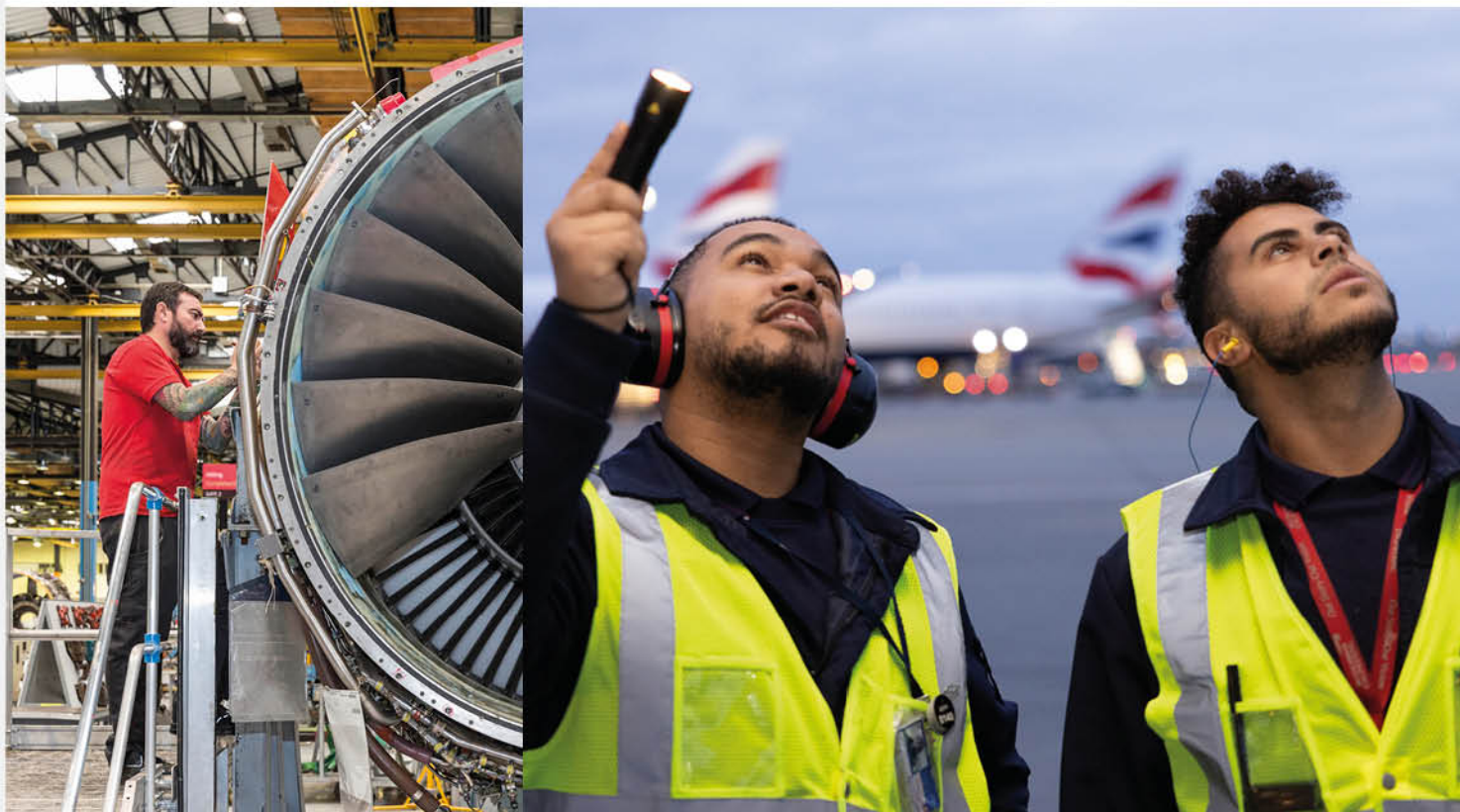
Executive director	Performance year award relates to <sup>1</sup>	Date of award	Number of shares at 1 January 2024	Awards released during the year	Date of vesting	Awards lapsing during the year	Awards made during the year	Number of unvested shares at 31 December 2024
Luis Gallego	2022	March 2023	447,341	-	March 2026	-	-	447,341
	2023	March 2024		-	March 2027	-	464,685	464,685
<b>Total</b>			<b>447,341</b>	<b>-</b>		<b>-</b>	<b>464,685</b>	<b>912,206</b>

1 For the performance period ended 31 December 2024 the award is expected to be made in March 2025.

Under the Executive Share Plan rules an IADP award will not lapse on leaving employment before the vesting date unless exceptional circumstances occur, such as gross misconduct, in which case the award would lapse in full. IADP awards are also subject to the Remuneration Policy's malus and clawback provisions.

The values attributed to the Company's ordinary shares in accordance with the Plan rules for IADP awards (relating to the previous year's performance) were as follows: 2024 award: 152 pence and 2023 award: 153 pence.

# Managing risk in an accelerating change environment



## Enterprise risk policy and framework

The Group has an enterprise risk management (ERM) framework underpinned by an ERM policy, which operates in accordance with Spanish corporate law and governance and UK corporate governance requirements, and was approved by the Board in 2023. This sets out a comprehensive risk management process and methodology to ensure a robust identification and assessment of the risks facing the Group, including emerging risks. The risk management framework is embedded across all of the Group's businesses. Enterprise risks are defined as any risk that could impact the three-year strategic business plan ('the plan'). They are assessed and, if the impact is above a threshold, plotted on an enterprise risk heat map, based on probability and impact.

Consideration is given to changes in the speed of potential impact and how principal risks influence other principal risks to help assess where key mitigations can have a greater effect on reducing overall risk to the business. Risks are also assessed in combining events where a number of risks could occur together, particularly in the supply chain. This process is led across the Group by the IAG Management Committee and operating company management committees supported by the ERM function.

Although the Group considers enterprise risks that could impact the plan (defined as the short term), it also considers potential risks that could impact over the medium term of up to five years and in the longer term, beyond five years.

Risk outcomes are quantified as the potential cash impact to the plan over three years.

Non-cash outcomes that could impact our customers, employees, reputation, sustainability targets or regulatory obligations are considered for every risk.

Key controls and mitigations are documented, including appropriate response plans. Where risk treatments require time to implement, short-term mitigations are assessed and the timeline to risk mitigation and consequent risk acceptance is discussed and agreed.

Every principal risk has clear Management Committee oversight at the Group level and in each business.

## Principal risks reassessment

In the year management have undertaken a review of the Group's principal risks, to reassess the events or scenarios, particularly combinations of risks, that could: have a material impact on the financial, operational or reputational performance of the Group; delay, impact or prevent delivery of the Group's strategic business plan, key targets and commitments; reduce stakeholder engagement or cause regulator or other scrutiny or censure; or result in adverse consequences for our customers, employees or third parties.

As a result, the Group now reports 11 principal risks. These are still grouped into four categories: strategic risk, business and operational risk, financial risk including tax, and compliance and regulatory risks.

Risks are presented alphabetically with the category of risk shown against each individual risk disclosure.

The Group's ERM framework will continue to adapt and evolve according to the needs of the business and our stakeholders. This allows the Group and its businesses to both respond to changes in the external risk environment and support the pace and scale of business transformation, in line with the Board's appetite for risk.

## Emerging risks

Where emerging risks and longer-term threats that the Group or the industry could face are identified, they are managed within the overall risk framework as 'on watch' until they are reassessed to be no longer a potential threat to the business or where an evaluation of the risk impact over the plan period can be made and appropriate mitigations can be put in place, or the risk becomes a principal risk. Other high-impact, low-likelihood risks are also considered.

During the year, management across the Group have reviewed the macroeconomic and geopolitical landscape to identify emerging risks and implications for existing principal risks as well as competition and market risk changes, particularly those that could impact operational resilience, our sustainability ambitions or the Group's transformation, innovation and change agenda. By continuing to develop the Group's assessment of the interdependencies of risks, using scenarios to quantify risk impact under different combinations and assumptions, and considering the risks within the Group's risk environment that have increased or changed in their nature, either as a result of external factors or decisions within the Group's businesses, its Board and management are better informed and can react more quickly.

New guidance from regulators and investors is reviewed on an ongoing basis and best practice sought from other risk management sources.

## Risk appetite

IAG has a risk appetite framework that includes statements informing the business either qualitatively or quantitatively of the Board's appetite for certain risks. Each risk appetite statement applies either on a Group-wide basis or for specific programmes, initiatives or activity within the Group.

In the second half of 2024, the Board assessed its appetite across a number of critical strategic priorities to set tolerances for the Group for the upcoming plan period, taking account of changes in the risk landscape since the prior year's exercise. This approach allows tolerances to be set dynamically and ensures alignment to the Group strategic priorities as approved by the Board, which sets the level of ambition and investment for the plan period. The exercise allowed the Board to discuss and consider the trade-offs within the plan and ensure that it was satisfied that management had set the appropriate prioritisation of initiatives to seek opportunities and manage risk within its defined appetite tolerances. The framework and tolerances were in place throughout the year, with the Audit and Compliance Committee assessing appetite across all of the framework statements at year end against the Group's performance and its anticipated delivery of the Board-approved strategic business plan priorities and initiatives.

The Board is satisfied that the Group continued to perform and deliver initiatives throughout 2024 as planned to mitigate risk as set out in its framework statements. Where further action has been required, the Board has considered potential mitigations and, where appropriate or feasible, the Group has implemented or confirmed plans that would address those risks or retain them within the Board's determined Group risk appetite. Regular reassessment and confirmation of the risk appetite of the Board allows the Group to take appropriate risks to deliver the plan.

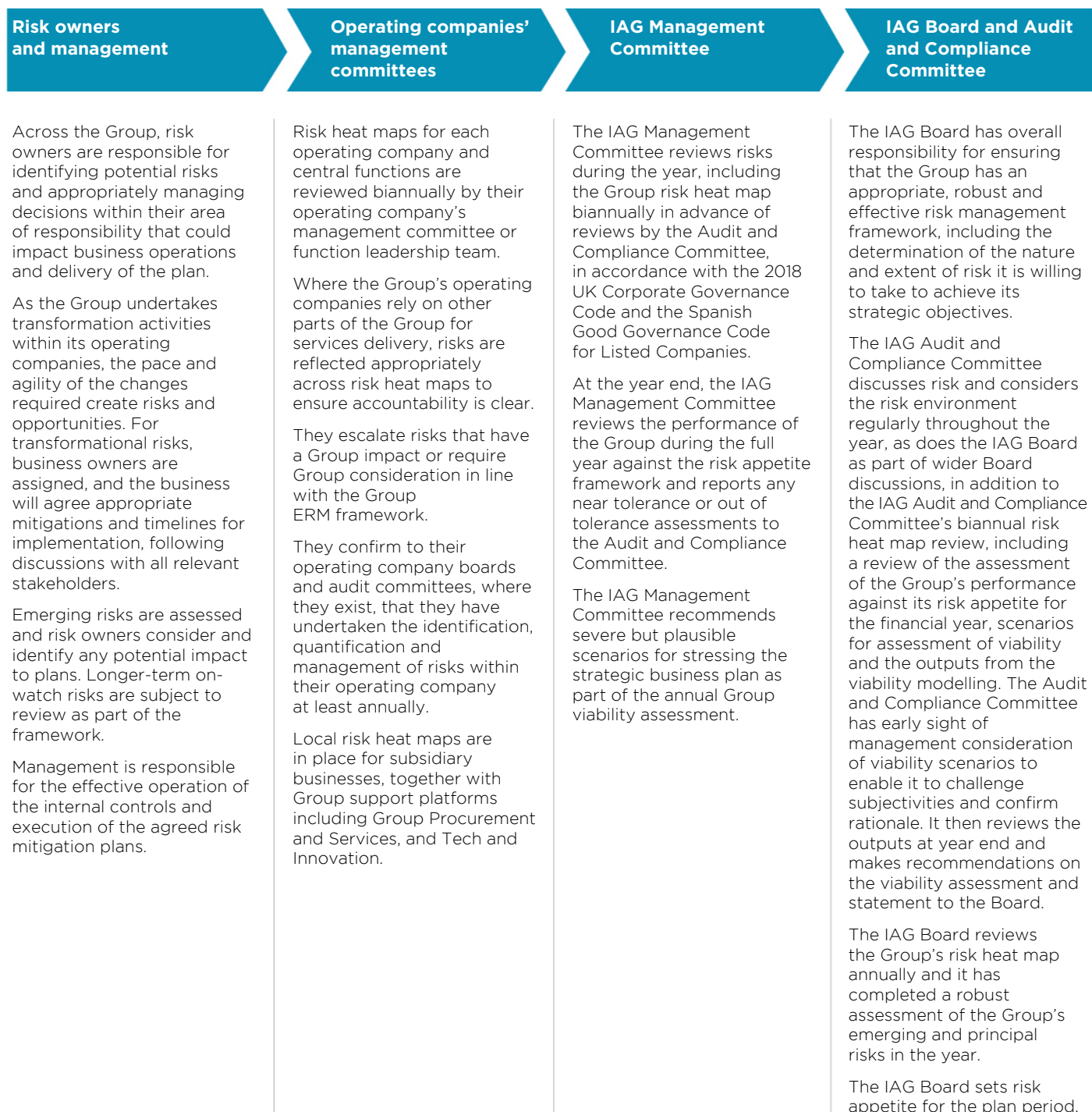
## Viability assessment

The Board's assessment of the viability of the Group is directly informed by the outputs of the ERM framework. Full details of our approach, scenarios modelled and the viability assessment are shown at the end of this report.



The IAG Board has overall responsibility for ensuring that the Group has an appropriate, robust and effective risk management framework.

## Risk management roles and responsibilities



### Enterprise Risk Management function

The Enterprise Risk Management function provides support across the Group to ensure risk management processes are appropriately embedded and applied consistently, as well as working with management to identify risk, challenge assessments and strengthen the risk culture across the Group.

The function provides risk management guidance and shares best practice across the Group and its operating companies, keeping them informed of any risk-related regulatory developments. The function is responsible for ensuring that the ERM framework remains agile and responsive to meet the needs of the business and its stakeholders.

The ERM function works with other compliance and Group functions, such as Group Finance, Government Affairs, Investor Relations, Legal, Ethics and Compliance, and Sustainability, leveraging their frameworks and assessments where appropriate. Risk assessments form an important input into the Internal Audit planning and delivery process.



## Year in review

The highly regulated and commercially competitive environment, together with the operational complexity in the aviation sector and reliance on critical third parties for provision of goods and services, expose the Group to risks, where its influence and ability to directly manage the risks may be limited.

Examples include aircraft, engines and component availability; delays in airframe and engine manufacturer production; issues with fleet and engine performance and reliability; the wider ongoing fundamental weaknesses in the resilience of the supply chain; air traffic control (ATC) restrictions; underperformance at airports, particularly constrained airports; the impact of resource gaps, industrial unrest or strikes; measures taken by governments including protectionism towards domestic

economies, tariff regimes or policy proposals that could impact the Group's airlines' ability to set capacity and/or pricing.

External threats which remain heightened include: the impact of slowdown in growth, threat of introduction of tariff regimes, increases in inflation or interest rates on demand and customer confidence; higher costs in the supply chain; and the impact of escalating and ongoing geopolitical tensions and conflict in various regions. All of these could impact our customers and flight operations as well as creating further airspace restrictions.

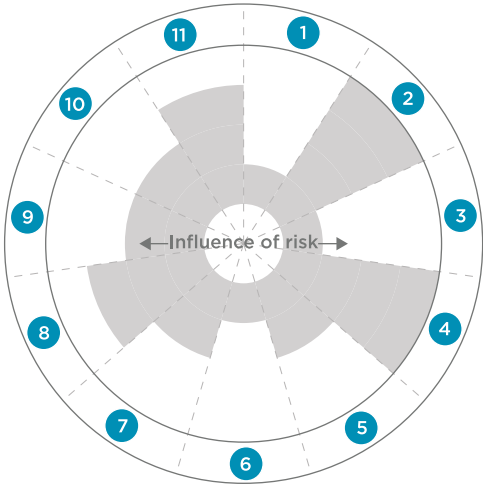
In assessing its principal risks, the Group has considered operational and technical resilience across its airlines, maintenance capacity and specialist resource requirements; the status of the financial markets; customer mix

changes and route network adaptation; political risk and government changes, including potential policy change with new governments, pace of transformation; AI adoption and future skillset; managing the cost base; the Group's industrial relations landscape and challenges in securing collective agreements; and people engagement and securing talent and expertise to deliver digitalisation, end-to-end domain transformation and cultural change.

Management have completed a review of the Group's principal risks in the year and recommended to the Board that the principal risks be reframed and simplified to improve insight into the root causes of risk and identify combining events that could challenge the Group.

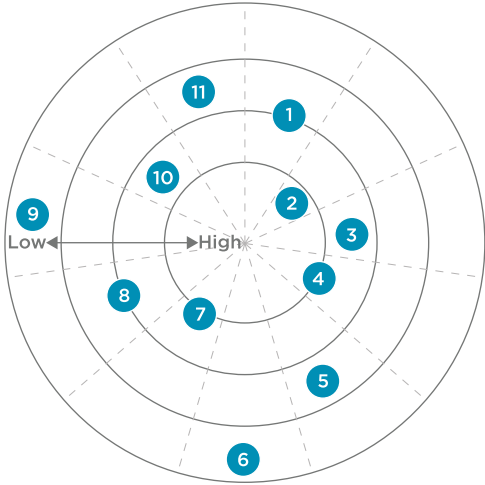
### Principal risks influence

The relative level of influence each principal risk has on the other principal risks



### Principal risk radar

The assessed likelihood of risk materialisation for each principal risk



### Key for principal risk factors table

Principal risk number	Strategic imperatives	Category	Stakeholder impact	Risk trend
1	<div>  A strong core </div> <div>  Capital-light earnings growth </div> <div>  A robust financial and sustainability framework </div>	<div>  Strategic </div> <div>  Business and operational </div> <div>  Financial including tax </div> <div>  Compliance and regulatory </div>	<div>  Customers </div> <div>  Employees </div> <div>  Suppliers </div> <div>  Shareholders, lenders and other financial stakeholders </div> <div>  Governments and regulators </div>	<div>  Increase </div> <div>  Stable </div> <div>  Decrease </div>



## Principal risk register

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

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

Where there are particular circumstances that mean that the risk is more likely to materialise, those circumstances are described.

Additional key business responses implemented by management are also set out.

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

## Principal risk factor table

Principal risk	Strategic imperatives	Category	Stakeholder impact	Risk trend		Viability scenario
				2024	2023	
1 <b>Brand, customer and competition</b> Chief Commercial Strategy Officer/ Chief Corporate Development Officer				=	↑	1 2 3 4
2 <b>Critical third parties in the supply chain</b> Chief Information, Procurement, Services and Innovation Officer				↑	↑	1 2
3 <b>Data and cybersecurity</b> Chief Information, Procurement, Services and Innovation Officer				↑	=	3
4 <b>Economic, political and regulatory environment</b> Chief Commercial Strategy Officer/ Chief Corporate Development Officer				↑	↑	1 2 4
5 <b>Financial risk including tax</b> Chief Financial and Sustainability Officer				↓	=	1
6 <b>Group governance structure</b> General Counsel				=	=	
7 <b>Operational and IT resilience</b> Operating company CEOs/Chief Information, Procurement, Services and Innovation Officer				=	↑	1 2 3
8 <b>People, culture and employee relations</b> Chief Executive Officer/Operating company CEOs				=	=	2
9 <b>Safety and security and other regulatory compliance</b> Operating company CEOs/General Counsel				=	=	
10 <b>Sustainable aviation</b> Chief Financial and Sustainability Officer				=	↑	1 2 4
11 <b>Transformation, innovation and AI</b> Chief Information, Procurement, Services and Innovation Officer				=	=	4

<div>1</div> <div>Brand, customer and competition</div> <div>Chief Commercial Strategy Officer</div> <div>Chief Corporate Development Officer</div>		<div>Strategic imperatives</div> <div>Category</div> <div>Stakeholder impact</div> <div>Risk trend</div> <div>Viability scenarios</div> <div> <div>2024</div> <div>2023</div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> </div>					
<div>Strategic relevance</div> <ul style="list-style-type: none"> <li>The Group's brands are positioned in their respective markets to meet their customer propositions and deliver commercial value. Any change in engagement or travel preferences could impact the financial performance of the Group.</li> <li>IAG will continue to focus on its customer propositions to ensure competitiveness in its chosen priority customer demand spaces and to ensure that it adapts to meet changing customer expectations.</li> <li>The markets in which the Group operates are highly competitive. The Group faces direct competition on its routes, as well as from indirect flights, charter services and other modes of transport. Some competitors have other competitive advantages such as government support or benefits from insolvency protection.</li> <li>The Group is clear on the key levers to improve brand perception and satisfaction for each of its operating company brands.</li> </ul>		<div>Status</div> <p>Customer sentiment to travel and their expectations when they travel are intrinsic to brand health. The Group's ability to attract and secure bookings and generate revenue depends on customers' perception of and affinity with the Group airlines' brands and their associated reputation for customer service and value. Operational resilience and customer satisfaction underpin customer trust. The Group airlines' brands are, and will continue to be, vulnerable to adverse events impacting service and operations, many of which remain outside the airlines' control. Reliability and consistency of service and product delivery, including on-time performance (OTP), and customer support through disruption, are key elements of brand value and of each customer's experience.</p> <p>The Group continues to improve its disruption management capabilities and customer communication through each journey in light of the extent of the ongoing external disruption due to ATC restrictions, lack of resilience at constrained airports and industry-wide third-party resilience issues, particularly over aircraft availability and engine reliability. IAG remains focused on strengthening its customer centricity and all of the Group's airlines continue to support their customers through any disruption including schedule adaptations where required. The resilience and engagement of our people as customer service ambassadors to deliver excellent customer service combined with investment in new fleet, cabin and service propositions, helps ensure that our customers choose to fly with the Group's airlines.</p> <p>The Group continues to ensure that its operating companies adapt and focus their business models, products and customer propositions to meet changing customer expectations and needs (including those with additional needs). The potential for distortionary effects of government policy and/or aviation-specific taxation or other regional or country-specific measures on the competitive landscape continue to be monitored. These include increases in Air Passenger Duty (APD) or fragmented application of mandates or policies on carbon offsets.</p>					
<div>Risk description</div> <ul style="list-style-type: none"> <li>Erosion of the brand and customer trust through poor customer service or lack of reliability in operations may adversely impact the Group's leadership position with customers and ultimately affect future revenue and profitability.</li> <li>If the Group is unable to meet the expectations of its customers and does not engage effectively to maintain their emotional attachment, then the Group may face brand erosion and loss of market share.</li> <li>Some of the markets in which the Group operates remain regulated by governments, in some instances controlling capacity and/or restricting market entry. Changes in such restrictions may have a negative impact on margins.</li> <li>Regulatory or policy changes may create competitive distortion, impacting the Group's airlines and their competitiveness or business model.</li> </ul>		<div>Mitigations</div> <ul style="list-style-type: none"> <li>All the Group's airlines are considered within the brand portfolio review.</li> <li>Brand initiatives for each operating company have been identified and are aligned to the Group's business plan.</li> <li>Product investment to enhance the customer experience supports the brand propositions and is provided for in the plan.</li> <li>All airlines track and report to IAG on their OTP and Net Promoter Score (NPS) to measure customer satisfaction.</li> <li>Reviews of resilience, resourcing levels and schedule operability.</li> <li>Enhanced disruption management tools within airlines to allow customers to manage their travel preferences.</li> <li>Increased focus on the end-to-end customer journey from flight search through to arrival and baggage reclaim.</li> <li>The Group's global loyalty strategy builds customer loyalty within IAG airlines.</li> <li>The Group Strategy function supports the IAG Management Committee by identifying where resources can be devoted to exploit opportunities and accelerate change.</li> <li>The airlines' revenue management departments and systems optimise market share and yield through pricing and inventory management activity.</li> <li>The Group maintains rigorous cost control and targeted investment to remain competitive.</li> <li>The Group's airlines are focused on customer-centricity and operational resilience.</li> <li>The portfolio of brands provides flexibility as capacity can be deployed at short notice as needed.</li> <li>The IAG Management Committee regularly reviews market share and the commercial performance of joint business agreements.</li> </ul>					

2 Critical third parties in the supply chain		Strategic imperatives		Category		Stakeholder impact		Risk trend		Viability scenarios	
Chief Information, Procurement, Services and Innovation Officer								2024 2023		1 2	
Strategic relevance		Status									
<ul style="list-style-type: none"><li>Any sub-optimal service delivery or asset supplied by a critical supplier can impact the Group airlines' operational and financial performance as well as disrupting our customers and impacting our brand and reputation.</li><li>Infrastructure decisions or changes in policy by governments, regulators or other entities could impact operations but are outside the Group's control.</li><li>The Group relies on the provision of airport infrastructure and is dependent on the timely delivery of appropriate facilities. Constraints at London and other key airports can impact on the ability to recover from periods of disruption.</li><li>An uncontrolled increase in the planned cost of expansion of a hub airport, particularly London Heathrow, could result in increased landing charges, making the airport uncompetitive versus other European hubs.</li><li>Airport charges represent a significant operating cost to the airlines and have an impact on operations.</li><li>The Group's airlines are reliant on ATC infrastructure for flight operations and increasing ATC restrictions impacts performance and disrupts our customers.</li><li>Aircraft and engine performance issues can impact the supply and reliability of aircraft, engines and components for maintenance.</li><li>Inflationary cost pressures or imposition of tariffs within the supply chain may increase the cost of travel.</li></ul>		<p>The aviation sector continues to be affected by global supply chain disruption, which has impacted new aircraft deliveries; engine and component availability and reliability; resource availability and/or threat of industrial action in critical third parties and airport services; the resilience of airports, particularly London airports and their ability to adapt to a high demand environment with increasing airport congestion; and ATC capability and restrictions, particularly given skillset shortages and weather events.</p> <p>Weaknesses in aircraft and engine production have caused industry-wide delays in deliveries of new fleet and lack of spare engines. Prolonged recovery timelines continue to impact the Group's airlines' ability to deliver flight schedules as planned. Lack of component parts also combines with delays in new aircraft and spare engines, and technical performance issues requiring additional maintenance that continue to impact operations, delays aircraft maintenance and turnaround times for aircraft.</p> <p>Additionally, any imposition of extensive new tariff regimes could result in further stress on the global supply chain, particularly for aircraft and engine production, or create inflationary cost environments.</p> <p>The Group proactively assesses its schedules for operability and continues to work with all critical suppliers to understand any potential disruption within their supply chains caused by either a shortage of available resource, strike action or production delays which could impact the availability of new fleet, engines or critical goods or reliability of critical services, particularly third-party application and network services. This has led to increased costs to secure such services. Focus has been placed on key suppliers to understand any business or operational continuity impacts, and where possible identify other suitable suppliers. The Group continues to be impacted by reliability and performance issues with Rolls-Royce Trent 1000 and Pratt and Whitney GTF engines, which are mitigated by using replacement aircraft and invoking remedy support from the engine manufacturers.</p> <p>Many elements of the supply chain remain outside of the Group's ability to directly manage, including aircraft deliveries and availability of components, airport performance and ATC resilience.</p> <p>The Group continues to consult stakeholders and raise awareness of the negative impacts of ATC airspace restrictions and performance issues on the aviation sector and economies across Europe, particularly with the continued closure of airspace driven by geopolitical events. The Group continues to challenge unreasonable levels of increases in airport charges, especially at London Heathrow.</p>									
Risk description		Mitigations									
<ul style="list-style-type: none"><li>IAG is dependent on the timely entry of new aircraft and the engine performance of aircraft to improve operational efficiency and resilience and meet the commitments of the Group sustainability programme.</li><li>IAG is dependent on the timely, on-budget delivery of infrastructure changes, particularly at key airports.</li><li>IAG is dependent on resilience within the operations of ATC services to ensure that its flight operations are delivered as scheduled.</li><li>IAG is dependent on the performance and costs of critical third-party suppliers that provide services to our customers and the Group, such as airport operators, border control and caterers. Increases in costs or where suppliers face financial stress may impact the Group's operations.</li><li>IAG is dependent on the availability and production of alternative fuels to meet its carbon reduction commitments. This may require investments in infrastructure in the markets in which the Group operates.</li></ul>		<ul style="list-style-type: none"><li>The Group mitigates engine and fleet performance risks, including delays to delivery and unacceptable levels of carbon emissions, to the extent possible by working closely with the engine and fleet manufacturers, as well as retaining flexibility with existing aircraft return requirements and aircraft lessors.</li><li>The Group engages in regulatory reviews of supplier pricing, such as the UK Civil Aviation Authority's periodic review of charges at London Heathrow and London Gatwick airports.</li><li>The Group is active at an EU policy level and in consultations with airports covered by the EU Airport Charges Directive.</li><li>The Group proactively works with suppliers to ensure operations are maintained and the impact to their businesses understood, with mitigations implemented where necessary and inflation minimised.</li><li>The Group Procurement function has oversight of all critical contracts across the Group's businesses.</li><li>Alternative suppliers are identified where feasible.</li><li>Transformation initiatives have been identified to offset inflation.</li></ul>									

### 3 Data and cybersecurity

Chief Information, Procurement, Services and Innovation Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend		Viability scenarios
2024	2023				

#### Strategic relevance

- The cyber threat environment remains challenging for all organisations, including the airline industry. Cyber threat actors, criminals, foreign governments and hacktivists have the capacity and motivation to attack the airline industry for financial gain, or other political or social reasons.
- The fast-moving nature of this risk means that the Group will always retain a level of vulnerability.

#### Status

The risks from cyber threats continue as threat actors seek to exploit any weaknesses in defences, particularly through social engineering and human behaviours. The threat of malware attacks on critical infrastructure and services remains high due to ongoing geopolitical tensions, with the Group exposed to threat actors targeting IAG, its operating companies and its suppliers. The Group continues to improve its cybersecurity posture either through major IT transformational change or additional monitoring tools, and is focused on better understanding the risk presented by its suppliers.

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

The emergence and usage of AI to enhance existing tactics, techniques and procedures (TTPs), produce phishing emails and deploy malware has also accelerated attempts to access organisations' systems and data and increases the threat and scale of social engineering or cyberattacks. Some use of AI by the Group will be subject to the EU AI Act, which defines AI systems and sets out a risk-based classification for AI applications.

Investment in cybersecurity systems and controls continues as planned, although addressing the risk is also dependent on business capacity and the delivery of solutions to address technical obsolescence across the operating companies. All planned investment is linked to a Group-wide maturity assessment based on the National Institute of Standards and Technology (NIST) cybersecurity framework, a leading industry standard benchmark. Data centre migration activity to the cloud across the Group's airlines will further help to improve the security controls environment. As the Group improves its security posture and maturity, it better understands the rapid nature of potential attack vectors and how to detect and respond to them.

#### Risk description

- The Group could face financial loss, disruption or damage to brand reputation arising from an attack on the Group's systems by criminals, foreign governments or hacktivists.
- If the Group does not adequately protect customer and employee data, it could breach regulations and face penalties and loss of customer trust.
- Transformation or changes in environments for the Group's operating companies and third-party suppliers could result in new weaknesses in the cyber and data security control environment.
- The emergence and usage of AI to bypass cybersecurity controls, produce sophisticated phishing campaigns or allow accelerated deployment of malware could increase the scale, severity and impact of cyberattacks and cyber-related fraud.
- The Group fails to meet AI regulations, particularly as it emerges, from different geographical regions.
- Lack of accuracy or insufficient human oversight of AI could increase the risk of data misuse.
- Increased digitalisation and integration with suppliers could increase the risk of contagion from third-party breaches or a cyberattack.

#### Mitigations

- The Group has a Board-approved cyber strategy that drives investment and operational planning.
- A cyber risk management framework ensures the risk is reviewed across all operating companies.
- The IAG Cyber Governance board assesses the Group-wide portfolio of projects quarterly and each operating company reviews its own portfolio at least quarterly.
- The IAG Chief Information, Procurement, Services and Innovation Officer provides assurance and expertise around strategy, policy, training and security operations for the Group.
- External attack surface monitoring and threat intelligence is used to analyse cyber risks to the Group.
- External benchmarking exercises conducted on cyber posture.
- Regular cyber awareness training is run by the operating companies, including annual mandatory training on cyber risk and data protection for all staff.
- Oversight of critical systems and suppliers to ensure that the Group understands the data it holds, that it is secure, and regulations are adhered to.
- Data Protection Officers are in place in all operating companies, coordinated through a Group-wide Privacy Steering Group.
- All suppliers must adhere to IAG security requirements. A Group-wide third-party risk management process integrates cybersecurity due diligence into contracting processes to monitor supplier security performance.
- Desktop and simulated exercises conducted to test business response plans.

4 Economic, political and regulatory environment			Strategic imperatives		Risk trend		Viability scenarios	
Chief Commercial Strategy Officer Chief Corporate Development Officer			Category	Stakeholder impact	2024	2023		
Strategic relevance			Status					
<p>IAG remains sensitive to political and economic conditions in the markets globally, particularly in our hub markets. All of the following can be influenced by political and economic change:</p> <ul style="list-style-type: none"><li>• Business and leisure demand for travel;</li><li>• Inflation and interest rate impacts on the cost base;</li><li>• Access to markets for new or existing routes;</li><li>• Increasing levels and costs of regulation;</li><li>• Constriction in the supply of products;</li><li>• Availability of services and/or resource;</li><li>• Availability gaps for key technical skillsets;</li><li>• Imbalance in the competitive landscape;</li><li>• Ability to fly scheduled operations; and</li><li>• Pricing and pricing over ancillaries.</li></ul>			<p>Geopolitical risk and uncertainty remains high and wider macroeconomic events may continue to drive market volatility, impacting demand. The Group continues to monitor the implications for trade and any imposition of extensive tariff regimes may disrupt the markets or economic confidence and drive cost inflation. Increased regulation and political intervention drive increased levels of cost and impact the ability of airlines to set capacity and pricing, which may impact the Group's revenue streams and business model. The rise of populist governments and government policy globally sees increased protectionism which could result in market or competitive distortion and a trend for increased scrutiny from regulators and tax authorities which could see changes that increase costs to airlines. The tone of dialogue between the US, Russia, China and the EU and UK which can influence markets and result in imposition of misaligned policies or tariffs and any potential impact to the Group is kept under review.</p> <p>Ongoing conflicts, wars and heightened tensions across the Middle East and elsewhere continue to cause airspace restrictions and congestion for flows to Asia.</p> <p>Recent supply chain disruptions have occurred in many markets and the level of disruption and potential impacts are considered across the Group. The Group also considers changes in government in key markets and the implications for trade, respective economic health and how governments view the aviation industry, with elections and changes of government in the UK, Ireland and the US in 2024.</p> <p>Developments in relevant international relationships, where they affect air services agreements to which the EU or UK are party, are monitored throughout the year and the Group's positions advocated with the relevant national governments. Recent government proposals to set floor or ceiling caps on pricing, including the scope of ancillaries that airlines may be allowed to charge their customers for, may impact the ability to freely set pricing, sell ancillaries to meet customer needs and/or set capacity.</p> <p>IAG has worked through trade associations and IATA, as well as national governments to put its case on issues of the importance of aviation to international trade and customer connectivity and the value that it brings.</p> <p>Any further macroeconomic trends or potential requirements arising from Brexit are monitored by the IAG Government Affairs function.</p>					
Risk description			Mitigations					
<ul style="list-style-type: none"><li>• Economic deterioration or structural change in either a domestic market, key customer segment or the global economy may have a material impact on the Group's financial position, while foreign exchange, fuel price and interest rate movements create volatility.</li><li>• Failure to adequately plan for and be able to respond to uncertainty driven by geopolitical or market events or health-related concerns impacts the operations, costs and customers of the Group.</li><li>• Changes in government may result in a change in sentiment to aviation and access to markets.</li><li>• Government policy asymmetry impacting a domestic market could increase the burden of regulation and cost to our passengers.</li></ul>			<ul style="list-style-type: none"><li>• The IAG Board and the IAG Management Committee review the financial outlook and business performance of the Group through the monthly trading results, financial planning process and quarterly reforecasting process.</li><li>• Reviews to assess and drive the Group's financial performance through the management of capacity, together with appropriate cost control measures including the balance between fixed and variable costs, management of capital expenditure, and actions to improve liquidity.</li><li>• External economic outlook, fuel prices and exchange rates are carefully considered when developing strategy and plans and are regularly reviewed by the IAG Board and IAG Management Committee as part of business performance monitoring.</li><li>• The Group engages with its regulators, governments and other political representatives and trade associations to help represent the views and contribution of the Group and aviation to society and economies.</li><li>• The Group's airlines have increased their focus on enhanced disruption management tools to increase operational resilience to restrictions, e.g. capacity constraints at airports or health-related measures.</li><li>• The Group's Government Affairs function monitors government initiatives, represents the Group's interest, forecasts likely changes to relevant laws and regulations and responds to consultations on regulatory change or policy that could impact the aviation industry or create competitive distortion.</li></ul>					






## 5 Financial risk including tax

Chief Financial and Sustainability Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend		Viability scenarios
			2024	2023	
	F		↓	=	1

Strategic relevance	Status
<ul style="list-style-type: none"> <li>The Group's ability to finance ongoing operations, committed aircraft orders, future fleet growth plans or acquisitions is vulnerable to various factors including financial market conditions, financial institutions' appetite for secured aircraft financing and the financial markets' perceptions of the future resilience and cash flows of the Group.</li> <li>The volatility in the price of oil and petroleum products can have a material impact on the Group's financial results.</li> <li>The volatility in currencies other than the airlines' local currencies can have a material impact on the Group's operating results, particularly the US dollar.</li> <li>Higher interest rates can have a material impact on the Group's operating results.</li> <li>Payment of tax is a legal obligation. Changes in the tax regulatory environment, including changes in tax rates and interpretation of tax regulations by tax authorities, may result in new tax claims or additional tax costs for the Group and in additional complexity in complying with such changes.</li> </ul>	<p>Access to the secured and unsecured debt markets may be disrupted by geopolitical and economic uncertainty, impacting funding options and interest rates available to the Group for new aircraft financing or where it chooses to refinance debt. Any interest rate increases implemented by central banks increase the cost for the Group of existing floating rate debt, as well as for new financing. As at 31 December 2024 approximately 14% of the Group's debt, including hedges, was floating rate debt. The Group successfully raised financing for all aircraft deliveries it sought to finance during 2024, using traditional long-term aircraft financing arrangements. The Group's credit rating with Standard &amp; Poor's is investment grade (BBB-), whilst its rating with Moody's is investment grade Baa3. Fitch rates British Airways as BBB- investment grade.</p> <p>Fuel cost volatility driven by geo-political events is partly mitigated by the Group's fuel hedging policy. Reduced access to fuel hedging instruments or the inability to pass increased fuel costs on to consumers could impact the Group's profits. The Group continues to assess the strength of the US dollar against the euro and pound sterling and the potential impacts on the Group's operating results. All airlines hedge currency risk in line with the Group hedging policy.</p> <p>Tax is managed in accordance with the tax strategy, which can be found in the Corporate Policies section of the IAG website. The Group has a number of scheduled tax audits, by local tax authorities, in progress across its businesses. In the UK, there are ongoing discussions with HMRC on certain treatments of VAT, which include litigation against HMRC's consideration of the appropriate VAT accounting to be applied by IAG Loyalty. Further information on tax matters, including taxes paid and collected by IAG, is set out in note 10 to the consolidated financial statements.</p>
Risk description	Mitigations
<ul style="list-style-type: none"> <li>Failure to finance ongoing operations, committed aircraft orders, future fleet growth plans, business acquisitions and third-party financial guarantees.</li> <li>Higher interest rates in the market, or more restrictive terms, for new finance arrangements or refinancing may impact the Group's floating finance debt, floating operating leases and cost base.</li> <li>Failure to manage the volatility in the price of oil and petroleum products.</li> <li>Failure to manage currency risk on revenue, purchases, cash and borrowings in foreign currencies other than the airlines' local currencies of euro and sterling.</li> <li>Failure to manage financial counterparties' credit exposure arising from cash investments and derivatives trading.</li> <li>The Group is exposed to systemic tax risks arising from either changes to tax legislation and accounting standards or challenges by tax authorities on the interpretation or application of tax legislation.</li> <li>Businesses and consumers may be subject to higher levels of taxation as governments seek to increase environmental taxes, redesign the global tax framework and rebuild public finance.</li> </ul>	<ul style="list-style-type: none"> <li>The IAG Board and Management Committee review the Group's financial position and financing strategy regularly.</li> <li>The Group has maintained its clear focus on managing liquidity and ensuring that critical investment in the Group is maintained.</li> <li>Maintain strong relationships with banks, lenders and lessors.</li> <li>Scenario planning for different financial environments.</li> <li>Continuous review of capital structure to minimise interest rate exposure and lower cost of capital.</li> <li>The IAG Audit and Compliance Committee and IAG Management Committee regularly review the Group's fuel and currency positions and other financial contracts.</li> <li>All airlines hedge in line with the Group's hedging policy under the oversight of Group Treasury.</li> <li>All airlines review routes to countries with exchange controls to monitor delays in the repatriation of cash and/or the risk of material local currency devaluation.</li> <li>The Group has a financial counterparty credit limit allocation by airline and by type of exposure and monitors the financial and counterparty risk on an ongoing basis.</li> <li>The Group adheres to the tax strategy approved by the IAG Board and is committed to complying with all tax laws, to acting with integrity in all tax matters and to working openly with tax authorities.</li> <li>Tax risk is managed by the operating companies in conjunction with the IAG Tax function and the Group takes expert advice on tax matters as required.</li> <li>Tax risk is overseen by the IAG Board through the IAG Audit and Compliance Committee.</li> <li>The Group seeks to understand its stakeholders' expectations on tax matters, e.g. cooperative working with tax authorities and its interaction with non-governmental organisations.</li> <li>The IAG Board annually reviews and approves the tax strategy.</li> </ul>



6 Group governance structure General Counsel		Strategic imperatives	Category	Stakeholder impact	Risk trend		Viability scenarios
				  	2024	2023	
Strategic relevance		Status					
<ul style="list-style-type: none"><li>Airlines are subject to a significant degree of regulatory control. In order for air carriers to hold EU operating licences, an EU airline must be majority-owned and effectively controlled by EU nationals. British Airways is a UK carrier and not subject to the same requirement.</li></ul>		The aviation industry continues to operate under a range of nationality and other restrictions, some of which are relevant to market access under applicable bilateral and multilateral air service agreements, while others are relevant to eligibility for applicable operating licences. The Group will continue to encourage stakeholders to normalise ownership of airlines in line with other business sectors.					
Risk description		Mitigations					
<ul style="list-style-type: none"><li>IAG could face a challenge to its ownership and control structure.</li></ul>		<ul style="list-style-type: none"><li>The Group has governance structures in place that include nationality structures to protect Aer Lingus', British Airways' and Iberia's operating licences and/or route rights. These have been approved by the relevant national regulators.</li><li>IAG will continue to monitor regulatory developments affecting the ownership and control of airlines in the UK and EU.</li></ul>					

7 Operational and IT resilience		Strategic imperatives		Category		Stakeholder impact		Risk trend		Viability scenarios		
Operating company CEOs Chief Information, Procurement, Services and Innovation Officer								2024 2023		1 2 3		
Strategic relevance		Status										
<ul style="list-style-type: none"><li>The Group's airlines may be disrupted by a number of different events which combine to stress operational resilience.</li><li>A single prolonged event, a series of events in close succession, or a combination of events over a period, can impact on operational capability, financial status and brand strength.</li><li>The Group needs to adhere to local governments' restrictions and regulations, especially related to safety and public health, and is sensitive to any consequential impacts.</li><li>IAG is dependent on IT systems for most key business processes. The integration within IAG's supply chain means that the Group is also dependent on the performance of suppliers' IT infrastructure, including networks.</li><li>The Group needs to have resilience to withstand severe and unexpected stresses. Potential high-impact, low-likelihood events have been considered that could disrupt the Group and/or the aviation sector. Many of these events remain outside of the group's control.</li></ul>		<p>Shortages in the supply chain; airspace and ATC restrictions; availability of experienced licensed resource, including engineers and pilots; industrial unrest or strike action, combined with goods availability shortages in the supply chain, especially engines, and airspace and ATC restrictions can all impact the operational environment and the customer experience of the Group's airlines. This increases the costs of running operations to provide additional resilience, as well as impacting the costs and operations of the businesses on which the Group relies. The Group is focused on minimising any unplanned schedule changes or flight cancellations with additional buffers and resilience built into the airlines' networks.</p> <p>The Group continues with its ambitious IT infrastructure transformation agenda to modernise and digitalise its IT estates. The Chief Information, Procurement, Services and Innovation Officer works with the Group's operating companies to ensure appropriate prioritisation and investment, to maximise value from IT investment, and to provide oversight and challenge over ambition and pace of delivery.</p> <p>The Group is progressing with its digitalisation agenda, migration to the cloud from on-premises data centres, remediation and transformation of its networks and addressing obsolescence. It has moved more resources into product teams more closely aligned to business needs. The Group is reliant upon the resilience of its systems and networks for key customer and business processes and is exposed to risks that relate to poor performance, vulnerability or failure of these systems. This includes major programmes and upgrades to modernise, including new commercial capabilities and customer-centric enhancements using agile-based models, as well as replacing core IT infrastructure and improving network connectivity and reducing redundancy. Mitigating actions that prioritise operational stability and resilience have been built into all cutover plans for the go-live of IT systems-related changes with focus on minimising unplanned outages.</p>										
Risk description		Mitigations										
<ul style="list-style-type: none"><li>The Group's airlines are reliant on critical parties to deliver goods and services to maintain operations and any failure of the level of service or reliability and delivery of goods may impact resilience and our customers.</li><li>The ATC infrastructure and resource model does not adapt and optimise aircraft movements, impacting operations.</li><li>Lack of resilience or provision of airport services at key airports or constrained airport hubs impacts operational resilience.</li><li>Ongoing engine problems create operational complexity and additional costs.</li><li>An event causing significant network disruption or the inability to promptly recover from short-term disruptions may result in lost revenue, customer disruption and additional costs.</li><li>Public health concerns impacting populations at scale could see an adverse effect on the Group where governments choose to impose restrictions, as would any other material event impacting customers, employees, the supply chain and flight operations .</li><li>The dependency on IT systems and networks for key business and customer processes is increasing and the failure of a critical system may cause significant disruption.</li><li>Obsolescence within legacy infrastructure could result in service outages and disruption.</li></ul>		<ul style="list-style-type: none"><li>Management has business continuity plans to mitigate this risk to the extent feasible, with focus on operational and financial resilience and customer and colleague safety and recovery.</li><li>The Group's airlines have standby aircraft and crew in place.</li><li>Resilience to minimise the impact of ATC airspace restrictions, poor performance or constraints at airports and/or strike action on the Group's customers and operations is in place.</li><li>The Group's airlines are focused on developing customer disruption management tools to help our customers in times of disruption.</li><li>The operating companies' tech teams work to deliver digital and IT change initiatives to enhance security and stability.</li><li>Operating companies' IT governance boards are in place to review delivery timelines.</li><li>Reversion plans are developed for migrations of critical IT infrastructure.</li><li>System controls, disaster recovery and business continuity arrangements exist to mitigate the risk of a critical system failure.</li></ul>										

8	People, culture and employee relations	Chief Executive Officer Operating company CEOs	Strategic imperatives	Category	Stakeholder impact	Risk trend		Viability scenarios
						2024	2023	
						=	=	2
Strategic relevance			Status					
<ul style="list-style-type: none"> <li>The Group has a large unionised workforce with around 85% of colleagues represented by one of a number of different trade unions under collective bargaining agreements (CBAs). IAG relies on the successful agreement of collective bargaining arrangements across its operating companies to operate its airlines.</li> <li>The right skillsets and culture are needed to transform our businesses at pace.</li> <li>Colleagues are critical to delivering the customer experience.</li> <li>The Group's airlines require specialist skillsets to continue to operate.</li> </ul>			<p>Our people and their engagement, cultural appetite and mindset for change are critical to the Group's current performance and future success. Our leadership recognises the efforts of our staff and their commitment through the continued operational challenges facing our airlines. Shortages in technical licensed staff across the aviation sector and in the Group airlines may impact maintenance delivery timelines unless resource levels can be secured. Additionally, pilot entry into the Group's airlines is critical to keep the operations resilient and meet future growth plans.</p> <p>Across the Group, collective bargaining is in place with various unions. Where agreements are open, and there is a threat of industrial unrest, our operating companies engage in discussions with unions, as well as governments and labour courts where relevant, to address concerns arising within the negotiations, manage customer disruption and enable the airlines to secure sustainable collective agreements and growth. In the year, the Group's airlines negotiated a number of collective agreement. Aer Lingus and Vueling France-based pilots have taken strike action. Aer Lingus has now concluded its pilot collective agreement and there is a pre-agreement in place at Vueling for the Spanish pilot group. All of the Group's businesses continue to monitor potential changes to employment legislation to ensure compliance.</p> <p>In late 2023, AENA announced the result of its competitive tender for ground handling licences at airports across Spain, which resulted in the creation of a new handling company, South Europe Ground Services (SOEGS). SOEGS will negotiate a new CBA with sector conditions and maintain existing conditions for Iberia employees that have moved into the new company.</p> <p>The Group is focused on staff wellbeing and people morale and motivation, and initiatives to build trust and engagement continue. The Group has identified the skills and capabilities that are required to manage its transformation. All operating companies recognise the critical role that their employees will play in the transformation and future success of the Group and they are focusing on improving organisational health and employee engagement. The Group maintains its focus on behaviours and compliance with key regulations.</p>					
Risk description			Mitigations					
<ul style="list-style-type: none"> <li>Any breakdowns in the bargaining process with the unionised workforces may result in subsequent industrial or strike action which may disrupt operations and adversely affect business performance and customer perceptions of the airlines.</li> <li>Our people are not engaged, or they do not display the required leadership or cultural behaviours.</li> <li>The Group businesses fail to attract, motivate, retain or develop our people to deliver service and brand experience.</li> <li>Critical skillsets are not in place to execute on the required transformation plan or to exploit innovation and AI opportunities and drive the business forward.</li> <li>Technical licensed staff, including pilots and engineers, need to be secured to maintain operations.</li> <li>The Group is exposed to the risk of an individual employee's or groups of employees' inappropriate and/or unethical behaviour resulting in reputational damage, fines or losses to the Group.</li> </ul>			<ul style="list-style-type: none"> <li>Ongoing information sharing, consultation and collective bargaining with unions across the Group take place on a regular basis, led by operating companies' human resources specialists, who have a strong skillset in industrial relations.</li> <li>The Group's businesses ensure that remuneration is aligned to local markets in terms of productivity and pay.</li> <li>Operating companies' people strategies are in place in our businesses.</li> <li>Succession planning within and across operating companies.</li> <li>Focus on recruiting and developing skills to run and transform our businesses.</li> <li>The Group's businesses are investing in apprentice programmes and retention initiatives to develop and secure critical skillsets.</li> <li>Operating companies' engagement and organisational health surveys have been conducted with action plans developed to create a positive and inclusive culture.</li> <li>Access to support individuals' wellbeing.</li> <li>The Group has clear frameworks in place including comprehensive Group-wide policies designed to ensure compliance, monitored by the IAG Audit and Compliance Committee.</li> <li>IAG's Code of Conduct is supported by annual awareness programmes and mandatory training, with additional focus for higher-risk areas.</li> <li>'Speak Up' and whistleblowing channels are available across the Group's businesses.</li> </ul>					

## 9 Safety and security and other regulatory compliance

Operating company CEOs

General Counsel

Strategic imperatives	Category	Stakeholder impact	Risk trend		Viability scenarios
			2024	2023	

### Strategic relevance

- The safety and security of our customers and employees are fundamental values for the Group.
- High-profile external events impacting the aviation sector and aircraft may change customer sentiment towards air travel.
- Regulation of the airline industry covers many of the Group's activities including route flying rights, airport landing rights, security and environmental controls. The Group's ability to comply with and influence changes to regulations is key to maintaining operational and financial performance.
- Carrying out business in a compliant manner and with integrity is fundamental to the values of the Group, as well as the expectations of the Group's customers and stakeholders.

### Status

The IAG Safety, Environment and Corporate Responsibility (SECR) Committee of the Board and the board of each operating company continue to monitor the safety performance of IAG's airlines. Safety and security responsibility lies with each Group airline in accordance with its applicable standards. Further detail is provided in the SECR Committee report.

The Group has refreshed its compliance framework in the year, including a review of all Group framework and compliance policies as well as a review and relaunch of its Code of Conduct. Training materials have also been updated and rolled out across the Group's businesses.

The Group maintains its focus on compliance with key regulations and mandatory training programmes have continued through the year.

### Risk description

- A failure to prevent or respond effectively to a major safety or security incident or intelligence may adversely impact the Group's brands, operations and financial performance.
- A failure to meet legal or regulatory standards may result in breach with the potential to hurt or impact our customers, employees, or third parties, or impact our operations, and lead to reputational damage, fines or losses to the Group.

### Mitigations

- The corresponding safety committees of each of the airlines of the Group satisfy themselves that they have the appropriate resources and procedures, which include compliance with Air Operator Certificate requirements.
- The Group's airlines have comprehensive training and maintenance programmes in place, supported by a just culture environment, where everyone is accountable for their actions and their performance is reflective of the knowledge, behaviours and skills they have.
- There is ongoing security engagement with airports, regulators and public authorities across the airlines' networks.
- Incident centres respond in a structured way in the event of a safety or security incident or intelligence.
- The Group has clear frameworks in place, including comprehensive Group-wide policies designed to ensure compliance, monitored by the IAG Audit and Compliance Committee.
- Compliance, human resources and legal professionals specialising in competition law, anti-bribery and other legislation and regulations that apply to the Group businesses support and advise the Group's businesses.
- IAG's Code of Conduct is supported by annual awareness programmes and mandatory training, with additional focus for higher-risk areas.
- 'Speak Up' and whistleblowing channels are available across the Group's businesses.



See the Report of the Safety, Environment and Corporate Responsibility Committee

10	Sustainable aviation		Strategic imperatives		Category	Stakeholder impact		Risk trend		Viability scenarios	
	Chief Financial and Sustainability Officer							2024	2023		
Strategic relevance			Status								
<ul style="list-style-type: none"><li>IAG is playing its role and working with industry to accelerate aviation decarbonisation. This means that environmental considerations are integrated into the business strategy at every level and the Group uses its influence to drive progress across the industry.</li><li>Our stakeholders and potential investors seek confirmation over our sustainability agenda and may link their purchasing, investment or lending decisions to our commitments and progress against them.</li><li>Our customers look to ensure that our airlines allow them to minimise their carbon footprint.</li></ul>			<p>IAG is committed to a target of net zero carbon emissions across its operations and supply chain by 2050, along with 2030 targets. The Procurement function has a key role to play in ensuring delivery of the Scope 3 commitment for the Group with supplier sustainability ratings and sustainability clauses in supplier contracts key considerations for future contract negotiations and renewals. IAG has also committed to 10% SAF usage on average across its fleet by 2030, which is subject to the production and availability of SAF.</p> <p>Plans implemented by the EU, UK and US governments to decarbonise aviation have resulted in fragmentation of policy measures and support offered by governments for green initiatives across the different regions in which the Group airlines operate. SAF infrastructure and availability still lags demand, impacting the ability to achieve the aviation industry's carbon reduction commitments. Mandates and other tax-based measures may disproportionately impact the Group's airlines versus their competitors. All of the Group's airlines have agreed deals for the production of SAF to meet the Group's target for its use on the path to decarbonisation. Overall aviation industry requirements will require infrastructure investments across markets to support the production of SAF to meet demand expectations. Industry-wide new fleet entry delays may also impact fuel efficiency.</p> <p>IAG continues to model potential impacts and costs, with mitigation plans embedded into strategic and financial planning. The Group and its businesses completed a double materiality assessment in the year as part of the Corporate Sustainability Reporting Directive reporting requirements.</p> <p>IAG continues with its assessment of climate-related risks under the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, by testing and revising its assumptions against updated forecasts for future business growth, the regulatory context and future carbon pricing. The Group has embedded forecasting of its climate impacts into its strategic, business and financial planning processes and has assessed that it is resilient to material climate-related impacts.</p>								
Risk description			Mitigations								
<ul style="list-style-type: none"><li>Increasing global concern about climate change and the impact of carbon affects Group airlines' performance as customers seek alternative methods of transport or reduce their levels of travel.</li><li>New taxes, the potential removal of aviation jet fuel exemptions and increasing price of carbon allowances impact on price and demand.</li><li>The airline industry is subject to increased regulatory requirements and policy asymmetry driving costs, distortion and operational complexity, as well as the potential for sub-optimal outcomes for the planet.</li><li>Demand exceeds supply to meet sustainable fuel mandates or infrastructure and production is not available in the markets the Group airlines serve.</li><li>SAF policy fragmentation results in different in-scope allowances across markets, distorting the competitive environment and levels of carbon costs.</li><li>The Group may face an increasing challenge by external parties over decarbonisation when utilising offsets to meet compliance obligations.</li><li>Increasing severity of weather events results in operational and customer disruption.</li></ul>			<ul style="list-style-type: none"><li>IAG climate change strategy to meet target of net zero carbon emissions by 2050.</li><li>Annual incentive plans link manager bonuses to annual carbon intensity targets.</li><li>Embedded climate impacts into the financial statements, balance sheet, financial forecasting and other relevant disclosures.</li><li>IAG's commitment to SAF usage, with operating companies continuing to secure mid- and long-term supply agreements.</li><li>IAG actively monitors the delivery of SAF procured.</li><li>Fleet replacement plan is introducing aircraft into the fleet that are more carbon-efficient.</li><li>Reporting on sustainability performance in the IAG supply chain to better mitigate supply chain-related sustainability risks.</li><li>Participating in CORSIA, the ICAO global aviation carbon offsetting scheme and the EU ETS and UK ETS emission trading schemes.</li><li>Horizon scanning for potential partners and technology.</li><li>Engagement across UK, EU and global trade associations to shape effective climate policy and drive support for low-carbon solutions.</li></ul>								

Strategic imperatives	Category	Stakeholder impact	Risk trend		Viability scenarios
			2024	2023	
			=	=	4

## Strategic relevance

- The transformation, innovation and AI agenda is critical to the Group's ability to deliver strong returns and to compete in the new competitive marketplace, where distortionary effects of aviation support schemes may have allowed competitors to accelerate their change agendas and invest to improve capabilities and customer propositions.
- Competitors and new entrants to the travel market may use digital tools, innovate or use AI and technology more effectively and disrupt the Group's business model.

## Status

The Group continues to focus on its cost base to offset price increases in the supply chain, particularly costs from fleet and engine manufacturers and the additional costs of resilience, to ensure that the Group is well prepared for any further external headwinds that may impact the aviation industry. Opportunities for AI adoption to drive efficiencies and better insights have been identified across the Group's businesses with business cases and implementation subject to guardrails to help protect against unexpected outcomes. The people impact of change and the talent and skillsets needed for the future size and shape of the Group's businesses are considered as part of the Group's transformation and innovation programmes.

The Group has an established Transformation Programme Management Office which has oversight of an agreed portfolio of initiatives across the Group focused on improving customer service, revenue and cost-efficiency, and the transformation mindset is becoming part of our culture. Many of the programmes are multi-year and all are subject to the ongoing review and investment approvals of the IAG Board. This has strengthened the Group's operating companies' focus on addressing their legacy estates to deliver digital customer experiences.

## Risk description

- Failure to transform the business to effectively deliver cost-efficiency initiatives, maintain or grow share in the new competitive environment, fully implement all programmes across the Group and realise the benefits of the change initiatives to deliver Group digital platforms and customer propositions.
- The pace of change may expose the Group to execution risk as multiple initiatives are delivered across processes and systems that serve our operations and customers.
- The impact on our people of the wide-ranging change agenda, if poorly managed or uncoordinated, could lead to logistical and engagement challenges, with the potential to negatively impact NPS, revenue and efficiency benefits.
- Further standardisation, simplification and efficiencies of the Group platforms are not delivered.
- Competitors, or new entrants, may invest and innovate in deploying digital technologies, AI, sustainability initiatives and/or platforms ahead of the Group.
- Technology disruptors may use tools to position themselves between our brands and our customers.
- The levels of data capture, data storage and security and availability of data, are not sufficient and ready to exploit AI use cases.
- Lack of accuracy or insufficient human oversight of AI tools and outputs could result in errors or suboptimal business decisions.
- The Group does not understand the scope or depth of the use of AI across its businesses and third parties as its prevalence accelerates.

## Mitigations

- The Chief Information, Procurement, Services and Innovation Officer has clear oversight of all programmes across the Group's businesses.
- Mirrored structures in the operating companies.
- Consistent core metrics and dashboard reporting used to assess performance against plan.
- The IAG Management Committee has regular operating-company-specific meetings to assess their transformation agenda and the risks to delivery.
- The Group transformation agenda is subject to Board approval and progress is regularly monitored by the Board.
- Group AI governance committee to assess AI initiatives to allow the Group businesses to exploit AI capabilities.
- There is operating company-led communications to our employees on change initiatives and changes that may affect them.
- Consideration is given to the Group's sustainability commitments and agenda for all programmes.
- Any potential changes that could impact the brands are reviewed to mitigate against reputational and brand damage.
- The Group's Hangar 51 programme continues to create early engagement and leverages new opportunities with start-ups and technology disruptors.



# Viability assessment

## Longer-term trends and risk considerations

The directors have assessed industry, Group-specific and non-sector-specific longer-term trends over a timeframe beyond the plan period, such as climate change regulation, infrastructure proposals at hubs, availability and timing of technologies in fleet, exploitation of the cloud, AI and related tools, and disruption in the supply chain. These trends may require the business to consider strategic responses, business model adaptations and new skillsets ahead of any potential impact to the Group plan.

Other considerations include:

- economic trends and shifts in the relative strengths of global economies, including the rise of emerging markets and hubs, market shifts and interconnectivity including partnerships and alliances, the competitive landscape, and changes in customer mix or sentiment to travel;
- supply chains and proximity and reliability of supply; inflationary, resource and availability pressures;
- costs of compliance with environmental and climate change regulations and/or lack of availability of infrastructure to meet commitments or mandates;
- increasing regulatory burdens, policy asymmetry or government intervention impacting aviation and the Group's business model;
- areas of risk or opportunity for the Group, such as workforce availability, migration, war for talent, AI adoption, outcomes of mis- and dis-information, and workforce demographic changes;
- structural changes in how customers travel;
- airframe and engine performance and reliability;
- the potential macroeconomic consequences of new tariffs, interest rates and inflation, especially where there are labour shortages in key markets or a shortage of technical specialists;
- shifts in regional economic power and security implications of new governments and policy;
- climate change shocks and their impact on the aviation industry;
- the Group's resilience to future events impacting aviation, global or financial markets, interest and exchange rate changes, particularly the US dollar; and
- stakeholder expectations over IAG's commitment to acting with integrity to protect our planet, particularly on climate change and carbon impacts.

## Risk assessment across the timeline of the plan

The directors have assessed key threats and trends faced by the industry, emerging risks and opportunities, and other industry and Group-specific risks that could impact the Group's business plan:

- these are considered in light of their impact on our business model and relevance, operations, customers and financial status and include changes in regulations, customer trends and behaviours, macroeconomic predictions on growth, regional market opportunities, technology trends, environmental implications and infrastructure developments that could impact our operations, as well as more existential threats to aviation;
- when developing the Group's three-year business plan, longer-term considerations have been assessed by the IAG Management Committee and the Board in conjunction with the priorities of and risks faced by the business; and
- the Board also conducted its annual strategy session, in addition to regular performance and strategy delivery progress reviews during the year. Following this process, short-, medium- and longer-term priorities, challenges and opportunities have been identified and actions agreed.

## Viability scenario process

When considering the viability of the Group for the purposes of this report, the directors have evaluated the risk landscape facing the Group and have recommended plausible but severe downside scenarios that could impact the Group's three-year plan, in order to determine the Group's resilience to such impacts.




The results of these scenarios on the plan have been presented both pre and post an assessment of the likely effectiveness of the mitigations that management reasonably believes would be available over this period (which are not already reflected in the plan).

**The directors have assessed key threats and trends, and emerging risks and opportunities, to determine plausible but severe downside scenarios that could impact the Group's three-year business plan.**



## Scenarios modelled

The scenarios have been defined by management and designed to consider principal risks (or combinations of risks) that could materialise over the viability period and weaken the Group's liquidity position, and therefore its financial sustainability. Each scenario is regarded as severe but also plausible, and has considered the impact on liquidity, solvency and the ability to raise financing in an uncertain and volatile environment.	Management has also assessed mitigations that are available to the business beyond operating cost reductions, including further financing, capital expenditure plans and potential disposals. Options are presented, as appropriate, for the Board to assess. In reviewing and approving the scenarios, the Board considered, amongst other matters, the availability and sufficiency of potential mitigations, the expected speed of implementation in response to the uncertainty and the future flexibility required for the Group to adapt further as needed.	Sensitivities in the scenarios' assumptions have been highlighted by management and challenged by the Board. In addition, the Board reviewed the results of revenue and margin reverse stress tests, which demonstrated the level of sustained passenger revenue decline and, separately, margin decline before mitigations, that would result in the Group using all available liquidity (including cash and currently available undrawn credit facilities) and compared these to the outputs from the scenarios.
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No.	Title	Link to principal risks
<b>1</b>	<b>Downside case</b>	
	<p>This scenario configures a blend of commercial and operational adverse impacts which would result in capacity reductions, in addition to an increase in fuel prices over and above the Group's business plan assumptions.</p> <p>Economic considerations include a combination of events reducing capacity up to a maximum of 25%, increasing fuel prices up to 20%, reducing passenger unit revenue and increased operational costs.</p> <p>The Downside case assumes that the airlines have access to further mitigations, including access to their portions of the available revolving credit facility.</p> <p>The period to June 2026 of this Downside case has also been applied as the Downside case in the going concern analysis (see note 2 to the consolidated financial statements).</p>	<p>1, 2, 4, 5, 7, 10</p> 
<b>2</b>	<b>Operational resilience challenges</b>	
	<p>Lost revenue within some IAG airlines from pre-emptive flight cancellations in response to resourcing challenges with resultant reputational impact.</p> <p>Ongoing challenges in the global supply chain, particularly aircraft and engine availability, reliability and performance, lead to an increase in grounded aircraft awaiting maintenance with further capacity reductions also impacting revenues. Revenues from the Group's maintenance business also impacted by the lack of available spare parts.</p> <p>Further revenue impact considered from reduced capacity as a result of air traffic control airspace restrictions and outage.</p> <p>Revenue impact from schedule disruption due to extreme weather events also considered within the scenario.</p>	<p>1, 2, 4, 7, 8, 10</p> 
<b>3</b>	<b>Cybersecurity and IT infrastructure</b>	
	<p>A stress to model the impact of a ransomware attack on an IAG airline. The scenario assumes a disruption period of five days resulting from the attack before full connectivity is restored, impacting customers and operations of the affected airline. It also assumes lost revenue due to disruption of operations at the affected airline with knock-on impacts to other IAG airlines due to the need to isolate and switch off connectivity of Group shared credentials platforms. There are also further lost revenues due to reputational impact and increased EU 261 and other customer goodwill costs. Associated costs of recovery from the incident include the disruption through the investigation period including increased IT costs as well as brand impacts, and the potential for regulatory scrutiny and fines.</p> <p>In addition, the scenario considers an unplanned outage caused by the data centre migration activity, resulting in short-notice flight cancellations, resulting in further lost revenue and increased EU 261 and other customer goodwill costs.</p>	<p>1, 3, 7</p>
<b>4</b>	<b>Sustainability and business transformation</b>	
	<p>An increasing revenue stress on flight operations across the Group to reflect changes in customer behaviours or costs of carbon decrease demand.</p> <p>Increased carbon costs and sustainable fuel costs to meet mandates and where supply cannot be secured. Revenues in key markets below plan expectations also modelled to reflect a potential long-term change in mix and travel behaviours.</p> <p>Potential for lost revenue impact arising from delays in delivering and realising the benefits of business transformation initiatives and increased costs of securing required resourcing levels.</p> <p>Longer-term consideration of the impacts of climate change and carbon and regulatory initiatives to address this within the aviation sector, such as the implementation of new regulatory policy, carbon costs and the cost and availability of SAF are also subject to assessment and modelling by the Group in addition to the viability scenario assessments.</p>	<p>1, 4, 10, 11</p> 



Viability scenario includes sustainability-related stress

## Viability statement

The directors have assessed the viability of the Group over three years to December 2027. They have considered the global macroeconomic environment and geopolitical uncertainty, the health of the aviation industry and its supply chain, the assumptions of the plan, the strategy of the Group and the Board's risk appetite. Although the prospects of the Group are considered over a longer period, the directors have determined that a three-year period is an appropriate timeframe for assessment as it is aligned with the Group's strategic planning period (as reflected in the plan), and as the external uncertainties facing the aviation sector continue to be significant and many are beyond the Group's ability to influence directly.

The Board recognises the pace of change required within the Group to further adapt, build appropriate resilience and respond to this environment, in addition to the rapidly changing competitive landscape and wider global macroeconomic conditions.

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

Further details on debt financing can be found in the going concern disclosures in note 2 to the consolidated financial statements.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation, meet its liabilities as they fall due and raise financing as required over the period to December 2027. However, this is subject to a number of significant factors that are outside the control of the Group. In reaching this assessment the directors have made assumptions when considering both the plan and the Downside case (the most severe and plausible of the viability scenarios considered):

- the Group will continue to have access to funding options and that the capital markets retain a level of stability and appetite for funding within the aviation sector;
- the Group can implement any further structural changes required in agreement with any union consultation processes and regulatory approvals;
- any imposition of extensive new tariff regimes does not result in acute stress on the global supply chain, particularly for aircraft or engines, and/or result in a global macroeconomic correction driving recessions;
- any pandemic or other public health-related restrictions do not result in further prolonged and substantial capacity reductions and groundings as governments do not have the appetite for the economic impact and stress that such actions would place on their respective economies and populations;
- any negative disruptive effects of AI do not significantly affect the sector or global markets, including further stresses on infrastructure availability, financial markets or the supply chain; and
- geopolitical events do not result in war zones significantly impacting financial markets, airspace operations and connectivity flows across our flight schedules.

## Appendix to the Annual Report

### INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

#### Governance over ICFR

As stated in article 3.4 letter a) of the IAG Board Regulations, the IAG Board has exclusive authority to approve the Company's financial information, namely the consolidated annual accounts and the management report, acting for this purpose with the advice and support of the Audit and Compliance Committee.

In addition, in accordance with article 36.5 of the IAG Board Regulations, the Board endeavors to ensure that the Company's financial statements are prepared in accordance with accounting rules and standards. If the auditors include any qualification in its report, the Board must clearly explain to shareholders the scope of such restrictions or qualifications and provide the relevant explanations.

The Audit and Compliance Committee reviews the Company's periodic financial information, and significant financial reporting judgements made in the Company's annual accounts, monitoring compliance with legal requirements, and generally accepted accounting principles and that the consolidation scope is appropriate.

With regards to internal control over financial reporting, the IAG Board Regulations determine that the Board is responsible for the internal control policy and periodic monitoring of internal information and internal control systems.

This internal control policy and monitoring is designed to produce reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorised use or disposition, the maintenance of proper accounting records and the reliability of financial information used throughout the business or for publication. These internal controls are designed to manage, rather than, eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable, but not absolute, assurance against material misstatement, errors, losses or fraud.

The Board of Directors is ultimately responsible for the supervision of the existence and effectiveness of Internal Control over Financial Reporting ("ICFR"). The Board has delegated the responsibility for the development of effective controls to the Chief Executive and the supervision of the effectiveness of these controls to the Audit and Compliance Committee. The Chief Executive has issued an ICFR policy which requires the IAG Finance Committee to oversee ICFR throughout the Group and delegates responsibility to the relevant Group operating company Chief Financial Officers.

Refer to Corporate Governance section of the Annual Report and the Report of the Audit and Compliance Committee for further details about the responsibilities of the Board of Directors and the Audit and Compliance Committee in relation to ICFR.

The IAG Finance Committee sits quarterly and is chaired by the Group Chief Financial Officer and comprises the IAG Group Financial Controller and the Aer Lingus, British Airways, Iberia, Vueling, IAG Loyalty, IAG GBS and IAG Cargo Chief Financial Officers. The IAG Finance Committee supports senior management and the Audit and Compliance Committee by carrying out the following duties related to ICFR:

- a) Maintain and approve the IAG ICFR policy including delegation of ICFR process ownership to operating company Chief Financial Officers and, where appropriate, to process owners;
- b) review complex or judgemental accounting issues in the quarterly reports, emerging accounting issues, preparation for implementation of new accounting standards, in addition to the review of issues raised by the external auditors;
- c) own the Group accounting policies and any changes thereto; and
- d) coordinate and monitor ICFR framework implementation and maintenance.

#### Organisational structure

The Board is responsible for designating the Company's Chief Executive, the appointment and removal, at the proposal of the Chief Executive, of the Company's Management Team, approval of the appointment or removal of individuals to or from the boards of directors of the principal subsidiaries of the Group and the appointment of their chairmen and chief executives. Significant changes to the organisation structure are reviewed and approved by the Management Committee.

The authorised structure, including job descriptions defining staff responsibilities, is ultimately controlled by the Chief Executive and delegated to the Chief Executive Officers of Aer Lingus, British Airways, Iberia, Vueling, IAG Loyalty, IAG GBS and IAG Cargo. The organisation structure of the Company, Aer Lingus, British Airways, Iberia, Vueling, IAG Loyalty, IAG GBS and IAG Cargo is updated and reviewed on an ad hoc basis. In British Airways, Iberia, Vueling, IAG Loyalty and IAG GBS it is published on the respective intranet of each company. In Aer Lingus it is available from the Company Secretary.

Under the IAG ICFR policy, the IAG Chief Executive delegates responsibility for ICFR to the IAG Chief Financial Officer and the Chief Executive Officers of Aer Lingus, British Airways, Iberia, Vueling and IAG Loyalty. Whilst maintaining responsibility for ICFR, the Chief Executive Officers of Aer Lingus, British Airways, Iberia, Vueling and IAG Loyalty delegate day-to-day responsibilities to their Chief Financial Officers. The Chief Financial Officers are expected to delegate responsibility for ICFR for defined processes to named senior managers within their own organisations. The Group Accounting Manual provides guidance on financial reporting.

#### Code of conduct

The IAG Code of Conduct sets out standards and behaviors expected from everyone who works within the Group. The Code provides guidance on individual decision making and how to report concerns, as well as setting out additional responsibilities for management across the Group to ensure the Code is available, understood and followed by staff. The Code is approved by the Board and is cascaded down into all IAG operating companies and is available on the intranet of each operating company.

IAG has in place one independent whistleblower tool, providing a whistleblower channel for each operating company which allows the investigation of Code of Conduct and Group standards breaches. When making the report, the whistleblower identifies the appropriate Group company, and each report is sent to the relevant Compliance team.

The Compliance team will allocate to the most appropriate report investigator. If any individual is named/role identified in the report that would remove independence in the investigation, the report will either be escalated or redirected to the next most appropriate area.

Investigations are supported by investigation frameworks within each operating company, allowing independence to be maintained into identified breaches.

## **Training for personnel involved in preparing and reviewing financial information or evaluating ICFR**

IAG staff have individual development discussions which identify their technical and/or professional training needs. Basic finance training is delivered through eLearning modules or classroom based, depending on the operating company. Specific training on airline finance basics and interpreting the Company accounts is also available.

IAG and British Airways offer study leave, financial support and appropriate work experience to staff studying for accounting qualifications, including the Institute of Chartered Accountants, in England and Wales, the Chartered Institute of Management Accountants, and the Association of Chartered Certified Accountants.

Relevant company financial reporting staff received technical accounting update training in 2024. Members of the IAG Internal Audit team have received on average a day of ICFR training in 2024.

## **Financial statement risk assessment and scoping**

The Group's Enterprise Risk Management (ERM) process assesses and identifies key risks and existing risk mitigations, including internal controls, that are assessed to be in place and effective as mitigations. In addition, to future plans and initiatives to further mitigate the risk. The key risks are categorised into strategic, business and operational, financial including tax, compliance and regulatory. Refer to Risk Management and Principal Risk Factors section of the Annual Report for further details.

The financial statement risk assessment process identifies the key underlying business processes and covers the financial reporting objectives.

The financial reporting risk assessment is the responsibility of the IAG Finance Committee and is updated and documented annually. The assessment provides management with a mechanism for the identification of risks and associated controls relevant to the preparation of the financial report. The risk assessment has three main elements which are reviewed annually by the IAG Finance Committee:

- a) A high-level assessment of key risks to the financial statements focusing on judgmental areas and those susceptible to error;
- b) Identification of the key underlying business processes through a quantitative and qualitative risk assessment of the financial statements of material subsidiaries; and
- c) Fraud risk at the Company level is most significant in individual projects, acquisitions and disposals. This fraud risk is managed through the individual projects which are staffed with senior professionals from appropriate departments, including finance, and external or independent advisors (leading law firms, consultants, etc.)

The IAG Internal Controls team reports to IAG Group Financial Controller and reviews financial processes and control documentation across the Group and supports process owners to ensure they have designed effective controls. The Board has ultimate responsibility for risk management and internal control, including determination of the nature and extent of the principal risks it is willing to take to achieve its strategic objectives.

## **Scope of consolidation**

A consolidation process is used at the Company and changes are determined based on developments in the corporate structure during the year. The Company, Aer Lingus, British Airways, Iberia, Vueling, LEVEL, IAG Loyalty, IAG GBS and IAG Cargo maintain consolidation hierarchies in their respective systems. These hierarchies are subject to access and change controls to ensure their continued integrity. The finance function is informed by the legal department of new or acquired entities in order to identify the scope of the consolidation.

The scope of the consolidation is addressed in two ways. Firstly, the establishment of any Special Purpose Vehicles (SPVs) will need to be reviewed by the Audit and Compliance Committee and is required to be approved by the Board as a board-reserved matter. This Committee will confirm the requirement for the SPV and its governance. The determination of which entities will be consolidated is considered at the Company, Aer Lingus, British Airways, Iberia and Vueling group levels. The consolidation hierarchy is reviewed when changes in ownership structure arise, and new entities are incorporated or acquired. Any changes to the consolidation scope are presented and discussed at the Management Committee and the Audit and Compliance Committee meetings.

## **Control activities**

### **Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets for each type of transaction that may materially affect the financial statements**

The Management Committee reviews the financial performance of the Group on a monthly basis, comparing performance with the prior year and the most recent forecast. Each quarter, the performance for the quarter and the forecast for the financial year are analysed including a comparison with the prior year and previous forecast. Movements in key performance indicators such as unit revenue and unit cost are analysed together with the impact of foreign exchange and fuel costs. The analysis is carried out on the Group's main operating companies, Aer Lingus, British Airways, Iberia, LEVEL, Vueling and IAG Loyalty. Consistency of these management accounts with the published quarterly Group accounts leads to a high degree of confidence in the integrity of the published accounts.

The quarterly consolidation process is managed to a pre-agreed timetable and includes reviews and sign offs at key stages in the process. Within each entity, the finance and accounting departments consolidate, review and approve the financial information. The consolidated financial information is reviewed by the chief financial officer of each operating company, prior to submission to IAG. These reviews will ensure that all material business risks have been properly recorded in the financial statements, confirm the accounting treatment of judgmental areas and ensure the proper application of new accounting standards and guidance notes. The Audit and Compliance Committee reviews both the consolidated accounts every quarter. The Committee also reviews and agrees to all key judgements and changes to accounting policies and treatments as relevant.

The IAG Group Technical Accounting Senior Manager reports to IAG Group Financial Controller and is assigned with the definition and update of accounting policies and resolving doubts or conflicts arising from their interpretations, maintaining a free flow of information to those responsible for operations in the organization, as well as an up-to-date accounting policy manual distributed to the operating companies.

The Company consolidation process involves a critical review of all submissions from operating companies, including those of Aer Lingus, British Airways, Iberia, Vueling, LEVEL and IAG Loyalty. For specialist areas, such as treasury, consolidated information is reviewed by subject specialists to identify anomalies, inconsistencies with management accounting information, and any inconsistent



interpretation of instructions within the Group. The final accounts are reviewed by the IAG Group Financial Controller together with the IAG Chief Financial Officer. A peer review is also carried out by an experienced finance manager who has not been involved in the latter stages of the consolidation process.

Critical judgements, estimates, evaluations and projections are, as far as possible reviewed in advance of the year-end close process. Where appropriate, management obtains the support of internal or external specialists to conclude on any of these matters.

The scope of ICFR in the Group has been based on the material subsidiaries being Aer Lingus, British Airways, Iberia, Vueling and IAG Loyalty and processes performed by IAG GBS and IAG Cargo on behalf of the material subsidiaries. The scope of ICFR also includes the Company for Entity Level Controls and the Financial Statement Close Process. The Group ICFR model contains a Finance Risk & Control Matrix that includes entity level controls, IT general controls and 19 main business processes considered relevant to the preparation of the financial statements. The processes are listed below.

- a) Financial Statement Close Process
- b) Passenger Sales – Ticket Sales
- c) Passenger Sales – Travel
- d) Passenger Sales – Billing/Interline Billing
- e) Cargo Sales
- f) Alliance Partner Arrangements
- g) Other Revenue
- h) Buying Goods and Services
- i) Buying Goods and Services - User charges
- j) Payroll
- k) Fixed Assets – Aircraft
- l) Fixed Assets – Ground Assets
- m) Fixed Assets – Engines and Engine Parts
- n) Fixed & Current Asset Inventory – Engineering
- o) Debtors & Invoicing
- p) Fuel
- q) Loyalty
- r) Treasury
- s) Tax

The design, implementation and maintenance of appropriate systems of ICFR is primarily the responsibility of management with process ownership identified and communicated to the operating companies via the IAG ICFR Policy. Business process owners are also responsible for the documentation of processes and sub-processes and can call on the support of the IAG Internal Control Team.

ICFR controls including 643 key controls have been defined across the 19 business processes and IT general controls in order to provide reasonable assurance as to the reliability of the financial information disclosed to the markets. Such controls can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. As a result of differences in business processes across the material subsidiaries not all controls are required in all material subsidiaries.

#### **Internal control policies and procedures for IT systems giving support to key company processes regarding the preparation and publication of financial information**

The Company has established the Baseline Information Security Standard which applies to all operating companies across the Group. The IAG Cyber Security Officer is responsible for leading, managing and coordinating the dissemination and implementation of good information security practice throughout IAG. Information is protected based on its value, confidentiality, criticality to the company, and the risk of loss or compromise.

The Standard requires that all personnel working for the Group shall be organised in such a way as to minimise the risk of unauthorised changes to information, error, theft or fraud.

The IAG Cyber Security Officer, together with the Opco IT management, manages and supports all IT systems under the guidance of the IAG Group Chief Information Officer whether these are based close to the business or are managed centrally on a Group basis. These systems are managed in accordance with the IAG Information Security Standard which is grouped under the following areas:

- a) Cyber Security Office
- b) Information Security Awareness and Training
- c) Segregation of Duties
- d) Privilege Access Management
- e) Access Control
- f) Application Programming Interfaces (APIs) Management
- g) Physical Security
- h) Password Management
- i) Logging and Monitoring
- j) Network Services
- k) Security Patching and Virus Protection
- l) Adherence to Change Control Procedures
- m) Management of Information Security Incidents
- n) Cyber Security Aspects of Business Continuity (BC)
- o) Information Security Aspects of Disaster Recovery (DR) and Crisis Management (CM) Planning
- p) Backups and Storage
- q) Compliance with Legal Requirements
- r) Compliance with the Data Protection Legislation
- s) Compliance with Payment Card Industry (PCI) Standards
- t) Technical Vulnerability Management
- u) Supplier assurance and audit



The Group IT General Controls (ITGCs) are aligned with the IAG Information Security Standard. There are 18 key ITGCs supporting the financial reporting processes. All systems used by the Group including those related to financial reporting must comply with the IAG Information Security Standard as it provides clear direction concerning expectations for internal controls that are required to cover the inherent risks over the following four IT system management areas:

- a) IT environment
  - I) The IT organisational structure and description of responsibilities
  - II) IT systems architecture and infrastructure
- b) Secure access
  - I) Access to system is managed via clear segregation of duties
  - II) Application owners are responsible to keep their systems free of unauthorised and inappropriate users and access
  - III) Users will only have access to data and functionality required to carry out the tasks assigned to them by the Group
  - IV) Logical access controls include procedures for adding, changing and deleting users
  - V) Restriction of privileged access rights to application support teams
  - VI) Requirement to have personalised credentials for each user accessing the application
  - VII) Password settings are configured appropriate to prevent unauthorised access to systems
  - VIII) Physical access control including restricting access to computer facilities to authorised individuals
- c) System Development and Change Management
  - I) Control of changes and testing of changes
  - II) Approval and authorisation of changes
  - III) Release management
- d) Systems Operations
  - I) Management of back-up files
  - II) Incident management
  - III) Management of job scheduling
  - IV) Management of external partners and third parties
  - V) Disaster contingency and recovery plans for IT systems

**Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements**

For outsourced processes, Service Level Agreements (SLA) are defined, agreed and signed in the contract with the vendor. Aer Lingus, British Airways, Iberia, Vueling, LEVEL, IAG Loyalty and IAG Cargo have outsourced financial process support to WNS and Capita. The IAG GBS finance services team manage the outsourced processes on a day-to-day basis. Finance staff maintain a quarterly or half yearly review of outsourced accounts and reconciliation as well as ongoing monitoring of the operational status of outsourced processes.

When the Group outsources relevant processes for the preparation of financial information to an independent expert, it ensures the professional's technical and legal competence. The Group has identified six processes outsourced to independent experts relevant to financial reporting.

- a) British Airways and IAG Loyalty outsources the derivation of pension scheme valuation and accounting, the proposed accounting treatment is subject to review and challenge by an in-house qualified accountant;
- b) Iberia values the obligations to employees and restructuring plan costs by actuarial studies made by independent experts;
- c) The Group outsources the valuation of assets and liabilities as a part of business combinations;
- d) Aer Lingus outsources the valuation of pension scheme assets and liabilities;
- e) IAG outsources the calculation of the fair values of share-based payment plans; and
- f) IAG Loyalty places reliance on modelling from actuaries to determine assumptions used to calculate the deferred loyalty scheme balances.

**Mechanisms for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR**

The Group Financial Reporting department issues reporting instructions at each quarter end. These instructions establish a timetable for key closing activities such as agreeing intragroup balances, submitting the main accounting results and detailed disclosures. Assumptions to be used for accounting tests such as Weighted Average Cost of Capital and percentage sensitivities on derivative transactions are determined centrally and included in the instructions. The format of information to be submitted and the entities expected to submit the information is determined within the consolidation system which includes validation tests for completeness and internal consistency.

Disclosures relating to ICFR are validated by senior accounting professionals identified by the chief financial officers of IAG, Aer Lingus, British Airways, Iberia, Vueling and IAG Loyalty.

**ICFR Monitoring**

The IAG Audit and Compliance Committee reviews all disclosures relating to ICFR and validates the Group's approach to complying with the CNMV's ICFR recommendations. In this respect the Audit and Compliance Committee also ensures that the Group's approach meets both the CNMV's ICFR recommendations and the requirements of the UK Corporate Governance Code.

The Group's ICFR includes the Company, Aer Lingus, British Airways, Iberia, Vueling, IAG Loyalty and IAG GBS and covers processes performed by IAG GBS and IAG Cargo on behalf of the operating companies. The Audit and Compliance Committee is supported by the Internal Audit department.

The Internal Audit Department adopts a risk-based approach to planning which incorporates financial risk factors.

The results of audits are discussed at the Aer Lingus, British Airways, Iberia, Vueling and IAG Loyalty Boards of Directors or Management Committees, and the IAG Audit and Compliance Committee. The implementation of actions to address weaknesses identified by Internal Audit are tracked and followed up.

### **ICFR 2024 Scope and Results**

Entity Level Controls, ITGCs and 19 business processes have been identified as having a major impact on financial reporting for 2024. There are 10 processes in scope for Aer Lingus, 17 processes in scope for British Airways, 16 processes in scope for Iberia, 10 processes in scope for Vueling, 4 processes in scope for IAG Loyalty and 2 process in scope for IAG.

Across the entities and business processes identified, the 643 key controls are made up of 535 business process key controls and 108 key IT general controls.

All in scope processes and key ITGCs have been tested. No material weaknesses were detected. A total of six substantial weaknesses and 123 weaknesses were detected. Action plans were put in place with process owners to address each of these internal control weaknesses, tracked by Internal Audit and monitored by the Audit and Compliance Committee.

### **Relationship with Financial Analysts, Investment Banks and Credit Rating Agencies**

Relationships with financial analysts, investment banks and rating agencies do not offer special characteristics that require a distinct treatment and therefore the Company does not have specific mechanisms in place to preserve their independence.

In accordance with Recommendation 4 of the Spanish Corporate Governance Code, the Board of Directors approved in October 2023 a 'Policy regarding disclosure of corporate information and engagement with shareholders', which amended the initial policy approved in January 2016, and which is available on the corporate website. This policy sets out the principles governing relations with these stakeholders, which include ensuring that relevant information for shareholders, investors and the market in general is reported in a transparent and equitable manner and in accordance with the provisions of applicable market abuse regulations.



# International Consolidated Airlines Group, S.A.

Auditor's report on the "Internal Control  
over Financial Reporting (ICOFR)  
Information of International Consolidated  
Airlines Group, S.A. for 2024



KPMG Auditores, S.L.  
Paseo de la Castellana, 259C  
28046 Madrid

## **Auditor's report on the "Internal Control over Financial Reporting (ICOFR) Information" of International Consolidated Airlines Group, S.A. for 2024**

To the Directors of International Consolidated Airlines Group, S.A.

As requested by the Board of Directors of International Consolidated Airlines Group, S.A. (the "Company") and in accordance with our proposal letter dated 13 December 2024, we have applied certain procedures to the "Appendix of the Annual Report, Internal Control Over Financial Reporting (ICOFR)" attached hereto in the Annual Corporate Governance Report (ACGR) of International Consolidated Airlines Group, S.A. for 2024, which summarises the Company's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the ICOFR information attached hereto.

In this respect it should be borne in mind that, irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the financial statements and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Company's financial statements. Consequently, the scope of our evaluation of internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the effectiveness of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report concerning the system of Internal Control over Financial Reporting in Listed Companies, published on the website of the Spanish National Securities Market Commission (CNMV), which define the work to be performed, the minimum scope thereof and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on the effectiveness thereof, nor on its design or operating effectiveness, with respect to the Company's annual financial reporting for 2024 described in the ICOFR information attached hereto. Consequently, had additional procedures been applied other than those established in the aforementioned Guidelines, or had an audit or a review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

As this special work did not constitute an audit of accounts and is not subject to current legislation regulating the audit of accounts in Spain, we do not express an audit opinion under the terms provided in such legislation.



The procedures applied were as follows:

1. Reading and understanding of the information prepared by the entity regarding ICOFR – disclosures included in the management report – and an evaluation of whether this information meets all the minimum reporting requirements, taking into account the minimum content described in section F, regarding the description of ICOFR, of the ACGR template provided in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013 and subsequent amendments, the most recent of these being CNMV Circular 3/2021 of 28 September 2021 (hereinafter the CNMV Circulars).
2. Inquiries of the personnel responsible for drawing up the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the entity.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing ICOFR systems. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit committee.
4. Comparison of the information detailed in point 1 above with the understanding of the entity's ICOFR obtained as a result of the procedures performed within the framework of the audit work on the financial statements.
5. Reading of the minutes of the meetings of the board of directors, audit committee and other committees of the entity for the purposes of assessing the consistency of the matters discussed at these meetings in relation to ICOFR with the information detailed in point 1 above.
6. Obtaining a representation letter in connection with the work performed, signed by those responsible for preparing and approving the information detailed in point 1 above.

As a result of the procedures applied to the ICOFR information, no inconsistencies or incidents have been detected that could affect it.

This report has been prepared exclusively within the context of the requirements laid down in article 540 of the Revised Spanish Companies Act and the CNMV Circulars for the purposes of the description of ICOFR in annual corporate governance reports.

KPMG Auditores, S.L.



Bernardo Rücker-Embden

4 March 2025

# STATISTICAL ANNEX TO THE ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

## ISSUER IDENTIFICATION DETAILS

YEAR END-DATE

2024/12/31

TAX ID (CIF)

A-85845535

**Company name:**

INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.

**Registered office:**

El Caserío, Iberia Zona Industrial, nº 2 (La Muñeza), Camino de la Muñeza, s/n, 28042 Madrid



## A OWNERSHIP STRUCTURE

### A1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

No ☒

Yes ☐

Indicate whether the company has awarded votes for loyalty:

No ☒

Yes ☐

Date of the last modification of the share capital	Share capital	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)	Number of additional attributed voting rights corresponding to shares with a loyalty vote	Total number of voting rights, including additional loyalty-attributed votes
October 5, 2020	497,147,601	4,971,476,010	4,971,476,010	-	4,971,476,010

Number of shares registered in the special register pending the expiry of the loyalty period

N/A

Indicate whether there are different classes of shares with different associated rights:

Yes ☐ No ☒

### A.2 List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Qatar Airways (Q.C.S.C.)	24.96	-	-	-	24.96	-	-
Capital Research and Management Company	-	5.00	-	0.09	5.09	-	-

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote
Capital Research and Management Company	Collective investment institutions managed by Capital Research and Management Company	5.00	0.09	5.09	-

**A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A.2 above:**

Name or company name of director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Javier Ferrán	0.02	–	–	–	0.02	–	–
Luis Gallego	0.03	–	–	–	0.03	–	–
<b>Total percentage of voting rights held by the Board of Directors</b>							<b>0.05</b>

**A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:**

No

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

No

**A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:**

No

**A.9 Complete the following table with details of the company's treasury shares:**

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
117,836,928	–	2.37

**A.11 Estimated float:**

	%
<b>Estimated float</b>	<b>67.53</b>

**A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.**

No

## B GENERAL SHAREHOLDERS' MEETING

### B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

Date of general meeting	Attendance data				Total
	% physical presence	% present by proxy	% distance voting		
			Electronic voting	Other	
June 16, 2022	0.04	38.27	0.03	2.87	41.20
Of which floating capital	0.04	35.86	0.03	2.87	38.78
October 26, 2022	0.05	34.05	0.07	3.73	37.90
Of which floating capital	0.05	31.62	0.07	3.73	35.47
June 15, 2023	1.96	42.09	0.04	2.75	46.84
Of which floating capital	1.13	39.66	0.04	2.75	43.58
June 26, 2024	1.16	44.69	0.08	4.01	49.94
Of which floating capital	0.10	42.27	0.08	4.01	46.45

### B.5 Indicate whether there has been any item on the agenda at the general meetings held during the year that has not been approved by the shareholders.

No

### B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

No

## C STRUCTURE OF THE COMPANY'S ADMINISTRATION

### C.1 Board of Directors

#### C.1.1 Maximum and minimum number of directors established in the articles of incorporation:

Maximum number of directors	14
Minimum number of directors	9
Number of directors set by the general meeting	11

#### C.1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure
Javier Ferrán	-	Independent	President	June 20, 2019	June 26, 2024	Vote at the Shareholders' Meeting
Luis Gallego	-	Executive	Chief Executive	September 8, 2020	June 26, 2024	Vote at the Shareholders' Meeting
Peggy Bruzelius	-	Independent	Director	December 31, 2020	June 26, 2024	Vote at the Shareholders' Meeting
Eva Castillo	-	Independent	Director	December 31, 2020	June 26, 2024	Vote at the Shareholders' Meeting
Margaret Ewing	-	Independent	Director	June 20, 2019	June 26, 2024	Vote at the Shareholders' Meeting
Maurice Lam	-	Independent	Director	June 17, 2021	June 26, 2024	Vote at the Shareholders' Meeting
Bruno Matheu	-	Proprietary	Director	June 26, 2024	June 26, 2024	Vote at the Shareholders' Meeting
Heather Ann McSharry	-	Independent	Director	December 31, 2020	June 26, 2024	Vote at the Shareholders' Meeting
Robin Phillips	-	Proprietary	Director	September 8, 2020	June 26, 2024	Vote at the Shareholders' Meeting
Emilio Saracho	-	Independent	Director	June 16, 2016	June 26, 2024	Vote at the Shareholders' Meeting
Nicola Shaw	-	Independent	Director	January 1, 2018	June 26, 2024	Vote at the Shareholders' Meeting
<b>Total number of directors</b>						<b>11</b>

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
<b>Giles Agutter</b>	Proprietary	June 15, 2023	June 26, 2024	Nominations Committee and Safety, Environment and Corporate Responsibility Committee	No

### C.1.3 Complete the following tables on the members of the Board and their categories:

#### EXECUTIVE DIRECTORS

Name or company name of director	Post in organisation chart of the company	Profile
<b>Luis Gallego</b>	Chief Executive	<p><b>Key areas of experience:</b> Airline industry, general management.</p> <p><b>Current external appointments:</b> Member of the Board of Governors and Member of the Chair Committee, IATA.</p> <p><b>Previous relevant experience:</b> Chairman and CEO, Iberia 2013-2020. CEO, Iberia Express 2012-2013. Chief Operating Officer, Vueling 2009-2012. Founder of Clickair 2006-2009.</p>
<b>Total number of executive directors</b>		<b>1</b>
<b>Percentage of Board</b>		<b>9.09</b>

#### EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
<b>Bruno Matheu</b>	Qatar Airways Group (Q.C.S.C)	<p><b>Key areas of experience:</b> Airline industry and transportation, marketing.</p> <p><b>Current external appointments:</b> Founder and President, BLM Consulting. Senior Advisor Boston Consulting Group. Board member, Transat A.T.inc.</p> <p><b>Previous relevant experience:</b> CEO, Airline Equity Partners – Etihad Aviation Group, 2014-2017. Member of the boards of Virgin Australia and Air Seychelles, 2014-2017. Chief Officer Long-Haul Business Unit, Air France, 2013-2014. EVP Marketing, Revenue Management &amp; Network, Air France – KLM, 2004-2012. Member of the Group Executive Committees Air France – KLM, 2004-2012. Chairman, Commercial Committee Air France – KLM, 2004-2012. Co-Chairman, Joint Ventures with Delta Airlines, China Eastern and China Southern, 2004-2012. Non-executive director, Air France, Alitalia, CityJet, Amadeus, Ecole Centrale, 2004-2012.</p>
<b>Robin Phillips</b>	Qatar Airways Group (Q.C.S.C)	<p><b>Key areas of experience:</b> Finance, airline industry and transportation.</p> <p><b>Current external appointments:</b> Chairman, Development Funding Board, Pancreatic Cancer UK. Senior Advisor, Circadence Corporation (US). Board member, IR - Scientific (Canada).</p> <p><b>Previous relevant experience:</b> Global Head/Co-Head of Corporate and Investment Banking, Head of Global Banking and Markets (Hong Kong), Group Head Climate Committee, Head of Global Industries Group, Head of Transport, Services and Infrastructure, HSBC 2003-2019. Global Co-Head of Transport &amp; Infrastructure Group, Citigroup 1999-2003. Executive Director, Transportation and Aviation Investment Banking, UBS Warburg 1992-1999. Assistant Director, Capital Markets, Kleinwort Benson 1985-1991.</p>
<b>Total number of proprietary directors</b>		<b>2</b>
<b>Percentage of Board</b>		<b>18.18</b>

## EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
<b>Javier Ferrán</b>	<p><b>Key areas of experience:</b> Consumer, finance, sales/marketing, governance.</p> <p><b>Current external appointments:</b> Chairman, Casa Optima SPA. Managing Partner, Terlos LLP.</p> <p><b>Previous relevant experience:</b> Chairman, Diageo Plc. 2017-2025. Non-executive director, Coca Cola European Partners Plc 2016-2020. Chairman of Supervisory Board, Picard Surgelés 2010-2020. Member, International Advisory Board ESADE 2005-2019. Non-executive director, Associated British Foods plc 2005-2018. Non-executive director, Desigual SA. 2014-2017. Non-executive director, SABMiller plc 2015-2016. Vice Chairman, William Grants &amp; Sons Limited 2005-2014. Non-executive director, Louis Dreyfus Holdings BV 2013-2014. Non-executive director, Abbott Group 2005-2008. Non-executive director, Chupa Chups SA 2000-2003. Partner, Lion Capital LLC 2005-2018. President EMEA, President and CEO, Bacardi Group 1992-2004.</p>
<b>Peggy Bruzelius</b>	<p><b>Key areas of experience:</b> Financial services, corporate finance.</p> <p><b>Current external appointments:</b> Non-executive director, Orrön Energy AB, Chair, Lancelot Holding AB. Member, the Royal Academy of Engineering Sciences.</p> <p><b>Previous relevant experience:</b> Non-executive director, Skandia Mutual Life Insurance 2012-2022. Non-executive, Lundin Energy AB 2012-2022. Chair, Swedish National Agency for Higher Education 2008-2011. Member Board of Trustees, Stockholm School of Economics 2000-2011. Various Corporate Boards, Trygg Hansa Liv AB, Celsius AB, AB Ratos, Scania AB, The Body Shop Plc, Axel Johnson AB, Axfood AB Husqvarna AB 1992-2019. Senior Independent Director, AB Electrolux 1996-2012. Non-executive director, Syngenta AG 2001-2014. Non-executive director, Diageo plc 2009-2018. Non-executive director, Akzo Nobel nv 2007-2019. Executive Vice President, Head of Asset Management Skandinaviska Enskilda Banken 1997-1998. CEO, ABB Financial Services AB 1991-1997.</p>
<b>Eva Castillo</b>	<p><b>Key areas of experience:</b> Financial sector, telecoms sector.</p> <p><b>Current external appointments:</b> Non-executive director, Caixabank. Trustee of the Council for Economy of the Holy See (Vatican). Trustee of the Board of the Comillas ICAI Foundation Member of Entreculturas Foundation. Member of Advantere School of Management.</p> <p><b>Previous relevant experience:</b> Non-executive director, Zardoya Otis 2019-2022. Non-executive director, Bankia 2012-2021. Chair Telefónica Deutschland AG. 2012-2018. Non-executive director, Telefónica, S.A. 2008-2018. Non-executive director VISA Europe Plc 2014-2017. President and CEO, Telefónica Europe 2012-2014. Non-executive director, Old Mutual Plc 2011-2013. President and CEO Merrill Lynch Capital Markets, Spain 1999-2006. President and CEO, Merrill Lynch, Wealth Management EMEA 2006-2009.</p>
<b>Margaret Ewing</b>	<p><b>Key areas of experience:</b> Professional services, financial accounting, corporate finance, strategic and capital planning, corporate governance, risk management.</p> <p><b>Current external appointments:</b> Senior Independent Director and Chair of the Audit and Risk Committee, ConvaTec Group Plc. Non-executive director and Chair of the Audit and Risk Committee, ITV Plc.</p> <p><b>Previous relevant experience:</b> Trustee and Chairman of the Finance and Audit Committee, Great Ormond Street Hospital Children's Charity 2015-2020. Non-executive director, Standard Chartered Plc 2012-2014. Independent external member of the Audit and Risk Committee, John Lewis Partnership Plc 2012-2014. Non-executive director, Whitbread Plc 2005-2007. Vice Chairman, Managing Partner, Public Policy, Quality and Risk and London Practice Senior Partner, Deloitte LLP 2007-2012. Director, Finance, BAA Ltd 2006 and Chief Financial Officer, BAA PLC 2002-2006. Group Finance Director, Trinity Mirror PLC 2000-2002. Partner, Corporate Finance, Deloitte &amp; Touche LLP 1987-1999.</p>
<b>Maurice Lam</b>	<p><b>Key areas of experience:</b> Professional services, financial accounting, audit and compliance in the banking industry.</p> <p><b>Current external appointments:</b> Independent Director, Chairman of the Audit Committee and Member of the Board Risk Committee, Bank of China (Europe) S.A. Independent director and Chairman of the Audit &amp; Compliance Committee of Banque Internationale à Luxembourg S.A.</p> <p><b>Previous relevant experience:</b> Independent Director, Chairman of the Audit Committee and Member of the Board Risk Committee, Quintet Private Bank (Europe) S.A. 2015-2020. Member of the Board of Directors, LuxConnect S.A., a Luxembourg State owned Company, acting as a business enabler in the ICT market 2013-2016. Independent Director, Generali Fund Management S.A. 2013, Deloitte Luxembourg, Managing Partner and CEO, 2000-2010. Head of Audit 1993-2000, Audit Partner, Financial services 1988-1993. Deloitte &amp; Touche UK 1979-1985.</p>



Name or company name of director	Profile	
Heather Ann McSharry	<p><b>Key areas of experience:</b> General management, pharmaceuticals/health care, financial services, consumer products, food and construction industry sectors, governance.</p> <p><b>Current external appointments:</b> Non-executive director, Chair of Nominations and Governance Committee, Jazz Pharmaceuticals Plc.</p> <p><b>Previous relevant experience:</b> Non-executive director, CRH plc 2012-2021. Non-executive director, Greencore plc 2013-2021. Non-executive director, Uniphar Plc 2019-2020. Non-executive director, Bank of Ireland Plc 2007-2011. Chairman, Bank of Ireland Pension Fund Trustee Board 2011-2017. Managing Director, Reckitt Benckiser Ireland 2004-2009. Managing Director, Boots Healthcare Ireland 1998-2004.</p>	
Emilio Saracho	<p><b>Key areas of experience:</b> Banking, corporate finance, investment management.</p> <p><b>Current external appointments:</b> Senior Advisor, Altamar Capital Partners.</p> <p><b>Previous relevant experience:</b> Non-executive director, Inditex 2010-2023. Chairman, Banco Popular Español 2017. Vice Chairman and Member Investment Banking Management Committee, JP Morgan 2015-2016. Deputy CEO EMEA 2012-2015, Co-CEO Investment Banking for EMEA 2009-2014, JP Morgan. CEO, JP Morgan Private Banking for EMEA 2006-2008. Director, Cintra 2008. Director, ONO 2008. Chairman, JP Morgan Spain &amp; Portugal 1998-2006. Global Investment Banking Head, Santander Investment (UK) 1995-1998. Head Corporate Finance Iberia, Goldman Sachs International 1990-1995.</p>	
Nicola Shaw	<p><b>Key areas of experience:</b> Transport sector, public policy and regulatory affairs, consumer, safety and environment operational management.</p> <p><b>Current external appointments:</b> CEO, Yorkshire Water.</p> <p><b>Previous relevant experience:</b> Executive Director, National Grid plc 2016-2021. Non-Executive Director Ellevio AB 2015-2017. CEO, HS1 Ltd 2011-2016. Non-Executive Director, Aer Lingus Plc 2010-2015. Director and previously other senior positions FirstGroup plc 2005-2010. Director of Operations and other management positions at the Strategic Rail Authority 2002-2005. Deputy Director and Deputy Chief Economist, Office of the Rail Regulator (ORR) 1999-2002.</p>	
Total number of independent directors		8
Percentage of Board		72.73

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

No

**C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:**

	Number of female directors				% of total directors for each category			
	Year 2024	Year 2023	Year 2022	Year 2021	Year 2024	Year 2023	Year 2022	Year 2021
Executive	-	-	-	-	-	-	-	-
Proprietary	-	-	-	-	-	-	-	-
Independent	5	5	5	5	62.5	62.5	62.5	55.55
Other External	-	-	-	-	-	-	-	-
<b>Total:</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>45.45</b>	<b>45.45</b>	<b>45.45</b>	<b>41.67</b>

**C.1.11 List the positions of director, administrator or representative thereof in other entities, whether or not they are listed companies, held by directors or representatives of directors who are members of the company's board of directors:**

Identity of the director or representative	Company name of the listed or non-listed entity	Position
Javier Ferrán	Diageo Plc	Chairman
Javier Ferrán	BlackRock Long Term Private investee company	Director
Peggy Bruzelius	Orrön Energy AB	Director
Peggy Bruzelius	Lancelot Holding AB	Chairman
Eva Castillo	Caixabank, S.A.	Director
Margaret Ewing	ConvaTec Group Plc.	Director
Margaret Ewing	ITV Plc.	Director
Maurice Lam	Bank of China (Europe) S.A.	Director
Maurice Lam	Banque Internationale à Luxembourg S.A.	Director
Bruno Matheu	Transat A.T.inc	Director
Heather Ann McSharry	Jazz Pharmaceuticals plc	Director
Robin Phillips	IR - Scientific (Canada)	Director
Robin Phillips	Pancreatic Cancer UK	Chairman
Nicola Shaw	Yorkshire Water	CEO

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
Javier Ferrán	Senior advisor to BlackRock Long Term Private Capital
Robin Phillips	Senior Advisor, Circadence Corporation (US)
Maurice Lam	Lam & Partners Sàrl
Bruno Matheu	BLM Consulting
Bruno Matheu	Senior Advisor, Boston Consulting Group
Emilio Saracho	Senior Advisor, Altamar Capital Partners

**C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:**

Yes

In any event, prior consent from the Nominations Committee is required before a director can accept any external directorship or other significant appointment that might affect the time they are able to devote to the role as a director of the Company.

**C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items**

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	5,290
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	
Pension rights accumulated by former directors (thousands of euros)	92

**C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:**

Name or company name	Position(s)
Nicholas Cadbury	Chief Financial Officer
Adam Daniels	Chairman and CEO IAG Loyalty
Sean Doyle	Chairman and CEO British Airways
Lynne Embleton	Chairman and CEO Aer Lingus
Sarah Clements	General Counsel
Carolina Martinoli	Chairman and CEO of Vueling
Julio Rodríguez	Chief Commercial Strategy Officer
Jorge Saco	Chief Information, Procurement, Services, and Innovation Officer
Marco Sansavini	Chairman and CEO Iberia
Jonathan Sullivan	Chief Transformation and Corporate Development Officer
Number of women in senior management	3
Percentage of total senior management	27.27
<b>Total remuneration of senior management (thousands of euros)</b>	<b>17,910</b>

**C.1.15 Indicate whether the Board regulations were amended during the year:**

No

**C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.**

No

**C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:**

No

**C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.**

Number of board meetings	9
Number of board meetings held without the chairman's presence	-

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director.

Number of meetings	9
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Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the audit committee	7
Number of meetings held by the nomination committee	6
Number of meetings held by the remuneration committee	7
Number of meetings held by the safety, environment, and corporate responsibility committee	4

**C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:**

Number of meetings at which at least 80% of the directors were present in person	9
Attendance in person as a % of total votes during the year	96.81
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	9
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	97.87

**C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:**

**Yes**

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

Name	Position
Luis Gallego	Chief Executive
Nicholas Cadbury	Chief Financial Officer

**C.1.29 Is the secretary of the Board also a director?**

**No**

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Álvaro López-Jorrín	N/A

**C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:**

**No**

If there were any disagreements with the outgoing auditor, explain their content:

**No**

**C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:**

**Yes**

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	758	1,241	1,999
Amount invoiced for non-audit work/Amount for audit work (in %)	40 %	20 %	19 %

**C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.**

**No**

**C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:**

	Individual	Consolidated
Number of consecutive years	4	4

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	28.57 %	28.57 %

**C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:**

**Yes**

Details of the procedure

As set forth in Article 10 of the Board Regulations, call notices for Board meetings should be sent sufficiently in advance to ensure directors receive them, and no later than seven days before the date of the meeting. The call notice should always include, save for justified cause, the meeting agenda as well as any information deemed necessary. In addition to this, the Board Secretary also reminds directors that if they have any doubt or question regarding any item on the agenda or any explanatory paper, they can send their queries to the Group General Counsel or the Board Secretary so that the management team can prepare the appropriate answers or explanations as soon as possible.

In general, all Board and committee meeting documents are available to all directors, including the draft minutes of the previous meetings, through an online platform which facilitates an efficient and secure access to all materials. Directors have access to all documentation relating to both the Board and each of the Board's committees, regardless of whether or not they are members.

All directors have access to the advice of the Board Secretary and the Group General Counsel. Directors may take independent legal, accounting, technical, financial, commercial or other expert advice at the Company's expense when it is judged necessary in order to discharge their responsibilities effectively. This is regulated in article 27 of the Board of Directors' Regulations.

Directors are offered the possibility to update and refresh their knowledge of the business and any technical related matter on an ongoing basis to enable them to continue fulfilling their responsibilities effectively. Directors are consulted about their training and development needs and given the opportunity to discuss training and development matters as part of the Board annual performance evaluation.

**C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.**

Number of beneficiaries	0
Type of beneficiary	Description of the agreement
	There are no agreements executed between the Company and its directors, executives or employees that provide for compensation upon termination of employment.
	IAG standard employment agreements (most of them subject to UK law) provide only for payments in lieu of notice. The applicable period of notice required from the executive directors and senior executives is six months; the period of notice required from the Company is 12 months.
	Where the Company makes a payment in lieu of notice, a lump sum in lieu of six months' basic salary is payable within 28 days of the date of termination of employment. A payment in respect of basic salary for the second six months period only becomes payable if, in the Company's reasonable opinion, the executive directors and senior executives have taken reasonable steps to find alternative paid work and then only in six monthly instalments. The Company may reduce the sum payable in respect of any month by any amount earned by the executive directors and senior executives (including salary and benefits) referable to work done in that month.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of directors	General shareholders' meeting
Body authorising the clauses	<b>X</b>	
	YES	NO
Are these clauses notified to the General Shareholders' Meeting?	<b>X</b>	

## C.2 Committees of the Board of Directors

### C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

#### AUDIT COMMITTEE

Name	Position	Current
Eva Castillo	Chair	Independent
Peggy Bruzelius	Member	Independent
Margaret Ewing	Member	Independent
Maurice Lam	Member	Independent

<b>% of independent directors</b>	<b>100</b>
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Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Names of directors with experience	Margaret Ewing / Maurice Lam
Date of appointment of the chairperson	August 1, 2024

#### NOMINATION COMMITTEE

Name	Position	Current
Javier Ferrán	Chairman	Independent
Peggy Bruzelius	Member	Independent
Margaret Ewing	Member	Independent
Heather Ann McSharry	Member	Independent

<b>% of independent directors</b>	<b>100</b>
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#### REMUNERATION COMMITTEE

Name	Position	Current
Heather Anne McSharry	Chairman	Independent
Eva Castillo	Member	Independent
Emilio Saracho	Member	Independent
Nicola Shaw	Member	Independent

<b>% of independent directors</b>	<b>100</b>
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#### SAFETY, ENVIRONMENT AND CORPORATE RESPONSIBILITY COMMITTEE

Name	Position	Current
Nicola Shaw	Chair	Independent
Maurice Lam	Member	Independent
Robin Phillips	Member	Proprietary
Emilio Saracho	Member	Independent
Bruno Matheu	Member	Proprietary

<b>% of proprietary directors</b>	<b>40</b>
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<b>% of independent directors</b>	<b>60</b>
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### C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year 2024		Year 2023		Year 2022		Year 2021	
	Number	%	Number	%	Number	%	Number	%
Audit committee	3	75.00	3	75.00	3	75.00	3	75.00
Nomination committee	3	75.00	3	60.00	3	60.00	2	40.00
Remuneration committee	3	75.00	3	75.00	3	75.00	3	60.00
Safety, Environment and Corporate Responsibility committee	1	20.00	1	20.00	1	20.00	1	20.00



## D RELATED PARTY AND INTRAGROUP TRANSACTIONS

**D2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. If the responsibility has been with the General Meeting (GM), indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents directors:**

Name or company name of the shareholder or any of its subsidiaries	Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the GM, if applicable, has been approved by the board without a vote against the majority of independents
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Purchase of ground handling services	1,640	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Landing and airport infrastructure	6,665	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Purchase of ground handling services	770	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Purchase of cargo capacity	63,895	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Purchase of interline services	5,356	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Net balancing of frequent flyer programmes	1,257	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Payment for code sharing arrangements	66	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Purchase of airport lounge and counter services	1,531	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Purchase of maintenance services	849	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Iberia	Contractual	Net balancing of frequent flyer programmes	700	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Iberia	Contractual	Purchase of maintenance services	37	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Iberia	Contractual	Purchase of ground handling services	3,977	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Iberia	Contractual	Landing and airport infrastructure	740	Board of Directors	Qatar Airways proprietary directors	Yes

Name or company name of the shareholder or any of its subsidiaries	Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the GM, if applicable, has been approved by the board without a vote against the majority of independents
Qatar Airways (Q.C.S.C.)	24.96	Vueling	Contractual	Purchase of ground handling services	276	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Aer Lingus	Contractual	Payment for code sharing arrangements	1,870	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Aer Lingus	Contractual	Purchase of ground handling services	21	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	IAG Loyalty	Contractual	Purchase of interline services	68,743	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	IAG Loyalty	Contractual	Payment for code sharing arrangements	13,836	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Sale of interline services	86,445	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Income for code sharing arrangements	78,409	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Sale of airport lounge and counter services	1,577	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Sale of maintenance services	3,349	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	British Airways	Contractual	Sale of cargo capacity	86	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Iberia	Contractual	Sale of ground handling services	7,939	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Iberia	Contractual	Sale of airport lounge and counter services	1,152	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Iberia	Contractual	Sale of maintenance services	18,306	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Iberia	Contractual	Income for code sharing arrangements	33	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Vueling	Contractual	Sale of ground handling services	3,091	Board of Directors	Qatar Airways proprietary directors	Yes

Name or company name of the shareholder or any of its subsidiaries	Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the GM, if applicable, has been approved by the board without a vote against the majority of independents
Qatar Airways (Q.C.S.C.)	24.96	Aer Lingus	Contractual	Income for code sharing arrangements	524	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	Aer Lingus	Contractual	Sale of ground handling services	28	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	IAG Loyalty	Contractual	Sale of interline services	22,132	Board of Directors	Qatar Airways proprietary directors	Yes
Qatar Airways (Q.C.S.C.)	24.96	IAG Loyalty	Contractual	Income for code sharing arrangements	16,782	Board of Directors	Qatar Airways proprietary directors	Yes

- D3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:**

N/A

- D4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.**

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

N/A

- D5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.**

N/A

## G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

- 1 That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.**

Explain

IAG considers that it does not comply with this recommendation because of the restrictions included in the Bylaws of the Company in relation to the ownership of shares. This is a partial non-compliance because these restrictions derive directly from the ownership and control restrictions set out in the applicable law or in the bilateral air transport treaties signed by Spain and the United Kingdom and are not simply determined discretionarily by the Company.

- 2 That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:**

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

Not applicable

- 3 That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:**

- a) Changes that have occurred since the last General Shareholders' Meeting.
- b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies

- 4 That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.**

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies

- 5 That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.**

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies

- 6 That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:**

- a) Report on the auditor's independence.
- b) Reports on the workings of the audit and nomination and remuneration committees.
- c) Report by the audit committee on related party transactions.

Complies

- 7 That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.**

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies

- 8 That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies

- 9 That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies

- 10 That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Not applicable

- 11 That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Not applicable

- 12 That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies

- 13 That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies

- 14 That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable;
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies

- 15 That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies

- 16 That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies

- 17 That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies

- 18 That companies should publish the following information on its directors on their website, and keep it up to date:

- a) Professional profile and biography.
- b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.
- e) Company shares and share options that they own.

Complies

- 19 That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Not applicable

- 20 That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies

- 21 That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies

- 22 That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented

Complies



- 23 That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies

- 24 That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies

- 25 That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies

- 26 That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies

- 27 That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies

- 28 That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies

- 29 That the company should establish adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies

- 30 That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies

- 31 That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies

- 32 That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies

- 33 That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies

- 34 That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Not applicable

- 35 That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies

- 36 That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity in the composition and skills of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies

- 37 That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Not applicable

- 38 That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Not applicable

- 39 That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies

- 40 That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies

- 41 That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies

- 42 That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

- a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
  - d) Generally ensuring that internal control policies and systems are effectively applied in practice.
2. With regard to the external auditor:
- a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
  - b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
  - c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
  - d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
  - e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies

- 43 That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies

- 44 That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies

- 45 That the risk management and control policy identify or determine, as a minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies

- 46 That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies

- 47 That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies

- 48 That large-cap companies have separate nomination and remuneration committees.

Complies

49 That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies

50 That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing the basic conditions of employment for senior management to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.
- e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies

51 That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies

52 That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
- b) That their chairpersons be independent directors.
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded and the minutes be made available to all directors.

Complies

53 That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies

54 The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies

**55 That environmental and social sustainability policies identify and include at least the following:**

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies

**56 That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.**

Complies

**57 That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.**

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies

**58 That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.**

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies

**59 That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.**

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies

**60 That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.**

Complies

**61 That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.**

Complies

- 62 That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.**

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies

- 63 That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.**

Complies

- 64 That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.**

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies

Indicate whether any director voted against or abstained from approving this report.

Yes ☐

No ☒

I declare that the details included in this statistical annex coincide and are consistent with the descriptions and details included in the annual corporate governance report published by the company.