

DIRECTORS' REMUNERATION REPORT

Report of the Remuneration Committee



Alberto Terol
Remuneration Committee Chair

Committee members

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

Dear Shareholder

On behalf of the Board, I am pleased to present our 2021 Directors' Remuneration Report, my second as chair of the Committee. This report includes both our current Directors' Remuneration Policy, as approved by Shareholders at the 2021 Annual Shareholders' Meeting, and our 2021 Annual Report on Remuneration, detailing how our policy was implemented during 2021. I will also present our proposed policy amendment to the Restricted Share Plan (RSP) for the IAG CEO, which is detailed later in the report.

As set out in more detail elsewhere in this report, COVID-19's continued impact in 2021 has been both more severe and more prolonged in our sector than others. However, the strength, stability and resilience of the IAG platform and focus of our reorganised Management Committee have enabled us to face into this protracted headwind, make improvements

to the business and prepare for growth. This work has positioned the Group to take full advantage of the recovery that we are now beginning to experience in early 2022.

We believe that our new Directors' Remuneration Policy, strengthened by the proposed amendment to the IAG CEO RSP opportunity, will support the strategic priorities of the Company as we respond to the unique challenges faced by the airline industry. It will provide the Committee with the necessary flexibility to motivate and retain our key talent at a time when other markets are further progressed in their recoveries. I would like to thank shareholders on behalf of the Committee for supporting us in the transition to this framework.

Performance delivered in 2021

The proficient stewardship of the Group in 2021 both optimised preparations and opportunities for our recovery and ensured progress continued to be made against our strategy and the creation of long-term,

sustainable value for our shareholders. In particular, the Group was effective in raising and maintaining cash liquidity through banks and public markets and positive levered free cash flows were achieved in 2021 as a result of improved operating cash flows and successful debt capital raising.

The establishment of the new Manchester base for Aer Lingus, Paris-Orly expansion for Vueling, strengthening of IAG Loyalty and relaunch of the BA Gatwick shorthaul network from summer 2022 (with flight sales having begun in December 2021) all showed significant progress against our long-term strategic initiatives, despite the challenges presented by the pandemic.

Similarly, the Group's climate change commitments continued to lead the global aviation sector towards net zero emissions by 2050, evidenced by IAG being the first European airline to commit to 10% sustainable aviation fuel by 2030, alongside multiple other environmental projects and innovations.

2021 shareholder consultation and support for new policy

In my report last year, I described how we held a number of highly productive meetings with major shareholders to better understand their expectations on evolving Remuneration Policy design and implementation.

This feedback directly informed the design of our new Policy for 2021 and I was pleased that this collaboration was evident in the strong levels of support received for the new policy at the Annual Shareholders' Meeting in June 2021. I was also pleased to see a strong level of support for the 2020 Annual Report on Directors' Remuneration.

Against the backdrop of the biggest crisis the aviation industry has ever faced, the new Policy proposed a change in remuneration components from the 2018 policy's Performance Share Plan (PSP) to Restricted Shares (RSP) awarded under the Executive Share Plan (ESP) approved in June 2021. The strong level of support received from shareholders for this change enables us to improve simplicity and transparency, as well as strengthen the alignment of interests between our senior leaders and our shareholders. The RSP improves our ability to attract, motivate and retain our Management Committee and other key roles in what is an increasingly competitive market for talent.

Principal changes from the previous policy:

Change to policy	Summary of the change
Long-term incentive	Replacement of the existing Performance Share Plan (PSP) with a Restricted Share Plan (RSP).
Pension contributions	Upon appointment, the pension contribution for the new CEO of IAG was revised down to 12.5% of salary, comparable to the rate applicable to the majority of the UK workforce. In the Remuneration Policy, the Company has formalised the arrangement that pension contributions for executive directors will be aligned with the wider workforce.
Post-cessation shareholding requirements	Introduction of a post-cessation shareholding requirement for executive directors, in line with best practice.
Malus and clawback	Extended the malus and clawback trigger events to include payments based on erroneous or misleading data, serious reputational damage and corporate failure to align with guidance.
Discretion	Additional wording to align to the UK Corporate Governance Code and allow discretion to adjust formulaic outcomes to reflect corporate performance.
Addressing significant falls in share price under long-term incentives	Additional wording to address windfall gains that may occur for long-term incentives.

Following shareholder feedback, we have given greater reassurance that any RSP value delivered will be fair and appropriate in the context of sustainable business performance and the experience of our stakeholders.

It is the Committee's view that these changes have both strengthened the link between remuneration outcomes and delivery of our strategy, and also aligned our remuneration framework with best practice and the 2018 UK Corporate Governance Code. I would like to take this opportunity to thank shareholders for their contribution towards, and support for, these changes in 2021.

Response to COVID-19 during 2021 and remuneration impacts

At the end of 2020, the decision was taken to continue temporary salary and fee reductions into 2021 at a rate of 10 per cent for the IAG CEO and non-executive directors. Prior to this, the IAG CEO and non-executive directors had taken 20 per cent salary and fee reductions from the beginning of April 2020. The ongoing reduction in fixed pay maintained alignment of interests with the Group's stakeholders.

These lowered salary and fee levels were maintained for executives for the full year, extending beyond the UK Government's Coronavirus Job Retention Scheme, which ceased at September 2021.

Awards made in 2021

Following the Board's approval of the decision to cancel the 2020 annual incentive plan, no cash or share-based

annual incentive plan awards were made to directors or managers in 2021.

Following shareholder approval of the Executive Share Plan in June 2021, a number of deferred, conditional long-term share awards were made to selected members of the Group's senior management, whose skills and contribution are critical to the delivery of IAG's long-term strategy.

As part of these awards, the IAG CEO received an RSP grant under the Executive Share Plan, consistent with the terms of the new Directors' Remuneration Policy. This award will vest in 2024, contingent on the satisfaction of the performance underpin, following which a two-year holding period will apply.

Summary of 2021 outcomes and senior leadership performance

The choice of performance measures for the 2021 annual incentive plan reflected the priorities for the Group during the uncertain and changing pandemic environment, namely, the need to protect capital, continue to provide an exceptional customer experience and ensure the Group's management delivered their functional objectives.

The significant volatility and overall reduction in flying schedules, as well as the unpredictability of passenger load factors experienced in 2021, made the implementation of a planned carbon efficiency measure impractical. Senior managers continued to focus on the delivery of the Group's low-carbon transition pathway as part of individual and functional objectives.

The uncertain and changing outlook for 2021, also made it appropriate to set and review targets at six-monthly intervals. This ensured the Group's senior leadership remained focused on the right priorities in light of changing government policies and commercial conditions.

Throughout the ongoing challenges of 2021, the Group's senior leadership demonstrated their ability to respond to changing priorities and deliver strong underlying improvements in the areas where outcomes remained within senior leaders' ability to influence.

This effective management of significant short-term challenges alongside the preparation of the business for the return to flying, has set the foundations for success in 2022 and the longer term.

Variable pay outcomes for the IAG CEO in 2021

Prior to Committee's review of the 2021 Annual Incentive Plan performance measures, the IAG CEO confirmed to the Board that he did not wish to be considered for a 2021 annual incentive award. In explaining his reasons for this, the IAG CEO has reflected on the experience of all the Group's stakeholders during 2021 due to the protracted nature of the pandemic and has sought to ensure his experience is aligned with theirs in a genuinely meaningful way. His decision demonstrates both personal integrity and a long-term commitment to the Group and its stakeholders. This request has been accepted by the Board, mindful of considerations in relation to our key stakeholders, who express their thanks to the IAG CEO for his enormous personal

contribution and critical stewardship of the Group in 2021.

This will therefore be the second year in succession that the IAG CEO will not receive an annual incentive award.

Additionally, the 2019 PSP award reached the end of its three-year performance period in December 2021. As a result of the pandemic, all three measures (relative TSR, EPS, and RoIC) fell short of the threshold level at which shares are paid out, resulting in a zero vesting outturn for the IAG CEO.

Neither short- or long-term awards were therefore realised by the IAG CEO in respect of 2021.

Implementation of the Policy in 2022

With positive signs of recovery now visible in the external market and reductions to all directors' salaries, pension contributions and fees having been in place continuously for 20 months, it was agreed to reinstate full director fixed pay from January 1, 2022. It should be noted that this is the first point at which the full contractual CEO salary of £820,000 per annum, approved for implementation at September 2020, has been paid to the IAG CEO. For non-executive directors, full fees were restored from January 1, 2022.

With the return of more normalised flying schedules and passenger volumes expected in 2022, it was agreed to reintroduce a carbon efficiency annual incentive measure for 2022. The metric used to assess this measure will be grammes of CO₂ per passenger kilometre, an unchanged basis from 2020.

Our objective of continuing to build aligned interests between IAG senior leaders and the Group's shareholders will be supported in 2022 by the second year of RSP grants. However, to ensure the Group is able to offer the IAG CEO a fair and proportionate long-term incentive opportunity, reflective of the complexity of the Group, its strategy, and one that adequately recognises ongoing external challenges, a proposal to amend the IAG CEO's maximum annual RSP opportunity will be presented at the 2022 Annual Shareholder's meeting. I have already engaged with a number of our largest shareholders regarding this change and the reasons for it. This resolution will propose an increase in RSP opportunity from 100 per cent of salary to 150 per cent of salary.

The Committee believes a change to a more commensurate IAG CEO RSP opportunity is essential in light of the growing opportunities for talent in the external market. In the Committee's view, the CEO's existing arrangements are becoming increasingly uncompetitive compared to companies both inside and outside of the aviation industry. The Group competes for talent in a global market and recent evidence suggests that the rate of executive pay growth in mainland Europe

and US has been faster than the UK with the opportunity gap to US packages being a particular retention concern.

Since the start of the pandemic the Group has lost a number of critical senior individuals to competitors in other sectors. Also, over the past year, the Group's own executive recruitment experience has confirmed the rising market for executive pay, reducing the relative positioning of the IAG CEO's total compensation compared to that of his executive team and increasing the compression in pay levels within the executive team. These factors highlight the challenges we face in retaining our top talent essential to the Group's transformation, as well as the important role that fair and competitive remuneration play in this.

We do not feel that it would be in IAG or our shareholders' best interests to compromise our ability to retain the current IAG CEO. The current environment amplifies the need for the IAG CEO's skills, capabilities and deep aviation experience. We therefore have the strong view that it is in IAG and our shareholders' best interests to change the RSP opportunity and place more emphasis in the CEO's remuneration package on sustained long-term performance.

As part of its overall review of the IAG CEO's package, the Committee has decided to defer the annual review of the IAG CEO's salary to the second half of 2022 to better understand the Group's recovery from the pandemic. Whilst the proposed increase to the IAG CEO's RSP opportunity will increase competitiveness of the overall remuneration package and is therefore a step in the right direction, the Committee is acutely aware of the importance of ensuring that the salary level is also competitive in the context of a dynamic talent market in the geographies in which the Group operates and competes for talent.

Strategy and link to remuneration

IAG was formed to create a new, disruptive industry model based around consolidation, strategic flexibility and financial performance. Our role in the world is to connect people, businesses and countries. We do this and create value through a unique model that enables our airlines to perform in the long-term interests of our customers, people, shareholders and society, knowing that success in each reinforces the others. We hold ambition, teamwork, innovation, pragmatism, efficiency and responsibility as key values that enable us to fulfil our purpose. The flexibility in our framework allows us to be agile and respond quickly to changing operating environments.

The Committee's main objective in the implementation of the Directors' Remuneration Policy is to drive the behaviours that support the delivery of our strategy and business objectives. Through

this overarching principle, we embed our pay for performance approach, ensuring both our short- and long-term incentive plans only pay out if sustainable progress and value is delivered to our shareholders. With the proposed amendment, our policy will continue to contain the necessary flexibility and discretion to adapt to commercial and market circumstances, as well as recoup incentives where any performance is subsequently understood to be unfounded. In this way we drive the right culture and maintain alignment of interests between our senior management and our shareholders, which is also reinforced by our minimum shareholding requirements that continue to apply for two years post-employment for executive directors.

Understanding and balancing the interests of all stakeholders in executive pay decisions ensures outcomes are objective, fair and proportionate. The simplification of our remuneration framework and the focus on long-term performance, supports the Group's management to continue to deliver our strategy and sustainable shareholder returns.

Looking ahead

The Committee believes that the 2021 Policy, supported by the amendment to the current IAG CEO RSP opportunity, will better underpin delivery against multi-year objectives and will further the alignment between our strategy and executive pay decisions.

On behalf of the Committee, I would like to thank shareholders for their engagement and support over the past year and request that this continues into 2022 as we seek to make an important change to the Policy this year.

I hope that our Remuneration Report is clear in explaining how the new Policy has been implemented in 2021 and that it receives your support at our 2022 Shareholders' Meeting.

Approved by the Board and signed on its behalf by

Alberto Terol

Remuneration Committee Chairman

Alignment of IAG remuneration practices to Provision 40 of the UK Corporate Governance Code

UK Corporate Governance Code – Provision 40

How we have achieved alignment

Clarity	Changes to the Policy in 2021 were designed to improve both simplicity and transparency. Revisions in the areas of pensions, minimum shareholding and long-term incentive either simplified existing structures, such as the replacement of PSP with RSP, or introduced straightforward rules for new items, such as the post-employment shareholding requirement. This has improved the ability of participants, employees and shareholders to understand executive pay arrangements. Additionally, the Company continues to make more remuneration analysis and information available to both employees and shareholders, via both UK and Spanish disclosures.
Simplicity	
Risk	Our corporate governance structure provides for a cross-over in board committee membership between the Remuneration Committee and the Audit and Compliance Committee. This ensures a joined-up view between emerging or crystallised risks and remuneration outcomes. The design of our policy also ensures independent control over remuneration outcomes, with all executive variable pay being awarded on a discretionary basis and subject to malus and clawback provisions.
Predictability	Our Policy identifies the maximum opportunity for each component of executive remuneration and also illustrates potential total remuneration outcomes in various performance scenarios. These disclosures provide transparency around overall opportunities.
Proportionality	Our executive remuneration performance measures, targets, underpins are transparently disclosed where awards are made, detailing the relationship between the performance achieved and the delivery of our long-term strategy and the creation of sustainable shareholder value. The transparency of this approach, alongside the independent nature of executive remuneration decisions, supports proportionate remuneration outcomes relative to company and individual performance measures, as well as the wider performance environment.
Alignment to culture	The selection and balance of financial and non-financial measures for both short- and long-term incentives is designed to reinforce the values and behaviours that support the delivery of long-term sustainable returns to shareholders. In particular, the new RSP, and high overall proportion of deferred executive pay, enable a focus on transformation and long-term success.

Introduction

The Remuneration Committee takes responsibility 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 on June 17, 2021 following close 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 allowing companies to prepare free-format reports. Therefore, for the fourth consecutive year, IAG is presenting a consolidated report responding to Spanish and UK disclosure requirements. This report will be accompanied by a duly completed form which is required by the CNMV covering some 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 best practice UK standards.

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

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 of their role in the Company's work.

The Committee receives regular updates on pay and conditions of the Group's employees and takes this into account when considering executive directors' remuneration.

The current Directors' Remuneration Policy

The current Directors' Remuneration Policy was approved at the Shareholders' Meeting on June 17, 2021 and reflects recent regulatory and corporate governance framework changes. We are proposing to make an amendment to the current Directors' Remuneration Policy in respect of the restricted share award opportunity for the IAG CEO, which will be put forward for shareholder approval at the 2022 Annual Shareholders' Meeting. The policy (including the amendment) can be found later in this report.

The Committee maintains an ongoing evaluation of the policy to ensure its components, opportunities and implementation outcomes continue to achieve the Policy's objectives.

Service contracts and exit payments policy

Executive directors

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

The contracts of executive directors are for an indefinite period.

There are no express provisions in executives' service contracts with the Company 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	September 8, 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 lump sum in lieu of the first six months' base salary is payable within 28 days of the date of termination of employment. A payment in respect of base salary for the second six-month period only becomes payable if, in the Company's opinion, the executive has taken reasonable steps to find alternative paid work and then only in six one-monthly instalments. The Company may reduce the sum payable in respect of any month by any amount earned by the executive (including salary and benefits) referable to work done in that month.

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 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).

Under any of the Company's share plans, save in respect of deferred annual incentive awards (which will normally vest in full following cessation for any reason), if a 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 certain 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 receive a pro rata amount of their PSP shares subject to the company performance conditions being met, and a pro rata amount of their RSP shares, subject to the underpin being met, in accordance with the plan rules. The proration is normally calculated according to what proportion of the performance 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 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 regular performance assessment and paid in the normal manner following year end.

In the event of an executive director's termination from 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 Chairman) 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. The dates of the current Chairman's and non-executive directors' appointments are as follows:

Non-executive director	Date of the first appointment	Date of last re-election
Javier Ferrán	June 20, 2019	June 17, 2021
Alberto Terol	June 20, 2013	June 17, 2021
Giles Agutter	September 8, 2020	June 17, 2021
Peggy Bruzelius ¹	December 31, 2020	June 17, 2021
Eva Castillo ¹	December 31, 2020	June 17, 2021
Margaret Ewing	June 20, 2019	June 17, 2021
Heather Ann McSharry ¹	December 31, 2020	June 17, 2021
Maurice Lam	June 17, 2021	-
Robin Phillips	September 8, 2020	June 17, 2021
Emilio Saracho	June 16, 2016	June 17, 2021
Nicola Shaw	January 1, 2018	June 17, 2021

¹ Ratification of the appointment by co-option and re-election at June 17, 2021.

Annual Remuneration Report

The Annual Remuneration Report sets out how the Directors' Remuneration Policy (as approved by shareholders at the Shareholders' Meeting on June 17, 2021) was and will be implemented in 2021 and 2022, respectively.

The Committee's activities during the year

In 2021, the Committee met ten times and discussed, amongst others, the following matters:

Meeting	Agenda items discussed
January	2020 Directors' Remuneration Report and Non-Financial Information Statements Share ownership update: Review of executive holdings, share awards authority and dilution limits Management Committee pay benchmarking review Approval of remuneration for a new Management Committee member Update on the Remuneration Policy proposal
February	Approval of 2020 Directors' Remuneration Report 2021 Directors' Remuneration Policy development update Vesting outcome of the Performance Share Plan (PSP) 2018 award Capital increase impact on in-flight long-term incentives Approval of remuneration for new Management Committee members
March	Approval of the 2021 Annual Incentive Plan
May	2021 Directors' Remuneration Policy - final proposal 2021 Annual Incentive Plan update Executive Share Plan (ESP) proposal and associated rules Authorisation for the allotment of shares for IAG share plans
June	Approval of grants under ESP following shareholder approval
July	Review of non-executive director fee taxation
September	2021 Annual Incentive Plan measures and performance update
October	Approval of remuneration for a new Management Committee member
November	2021 Annual Incentive Plan measures and performance update Market update presented by external provider 2019 and 2020 PSP outturn forecast
December	IAG executive directors' Remuneration Policy consultation Approval of buy-out share awards to be granted under the ESP rules and delegation of authority

Subject to audit

Single total figure of remuneration for the Executive Director

The table below sets out the single total figure of remuneration breakdown for the IAG CEO, who was the only executive director during 2021. An explanation of how the figures are calculated follows the table.

Director ('000)	Salary		Benefits		Pension		Total Fixed		Annual incentive		Long-term incentive		Total Variable		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Luis Gallego (GBP) ^{1,2,3,4}	738	206	280	69	92	26	1,110	301	0	-	0	-	0	-	1,110	301
Luis Gallego (€) ^{2,3,4}	855	232	324	78	107	29	1,286	339	0	-	0	-	0	-	1,286	339

- 1 Remuneration is paid to the Executive Director in sterling and expressed in euro for information purposes only.
- 2 2020 values only reflect Luis Gallego's period of service as an executive director from September 8, 2020 to December 31, 2020. The full IAG CEO single figure history is shown later in this report.
- 3 2020 and 2021 benefits totals include a fixed series of relocation payments to support Luis Gallego's move to the UK in summer 2020. The majority of payments were made in 2020, with payments ceasing at February 2021.
- 4 Personal tax return benefit is included as a new taxable benefit in 2021. Also from 2021, the Executive Director is eligible for a transitional allowance of £250,000 p.a. (gross), in view of the additional costs associated with living in the UK whilst personally maintaining a base in Madrid, given the Company's significant presence in Spain. This is included in the 2021 benefits value and accounts for £250,000 of the overall value (further details in Taxable benefits section below).

Additional explanations in respect of the single total figure table for 2021

Only the current IAG CEO, Luis Gallego, served as an executive director in 2021. As the sole executive director, the IAG CEO has confirmed in writing that he has not received any other items in the nature 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 as an executive director for each performance year. For 2020, the significantly reduced values reflect two considerations. Firstly, salary is only reported from appointment as an executive director on September 8, 2020. Secondly, the salary value reflects that a COVID-related reduction of 20 per cent of base salary operated for all directors during 2020. In contrast, for 2021, the IAG CEO served the full performance year as an executive director and the level of COVID-related salary reduction was decreased from 20 per cent to 10 per cent. The IAG CEO's contractual salary was £820,000 on appointment.

Taxable benefits

Taxable benefits include the provision of a company car, a fuel allowance and private health insurances.

The Executive Director received payments relating to his relocation from Spain in 2020. These relocation payments terminated in February 2021.

From January 2021 the Executive Director became eligible for a transitional allowance to reflect that as a result of his role as IAG CEO he and his family now live in the UK. This allowance provides a two-year fixed period of transitional support and considers that the IAG CEO continues to personally maintain a base in Madrid given the Company's significant operations and business in Spain. The value of the transitional allowance is not included in the calculation of any pension, incentive or other benefit values. Payment of the transitional allowance will terminate in December 2022.

Pension-related benefits

Employer's contribution to pension scheme and/or cash in lieu of pension contribution.

Annual incentive plan

The IAG CEO confirmed to the Board that he did not wish to be considered for a 2021 annual incentive award, waiving any 2021 incentive opportunity. The single total figure of remuneration therefore shows that no annual incentives have been awarded to the IAG CEO either for 2020 or 2021.

Long-term incentive vesting

This relates to the IAG PSP 2019 award based on performance measured to December 31, 2021. The outcomes of the performance conditions resulted in zero vesting for the IAG CEO and are described in detail later in this report.

Share price appreciation and depreciation

The amount of remuneration attributable to share price appreciation is zero, as there was zero vesting of the IAG PSP 2019 award. 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 all executive directors. For the year ended December 31, 2021 the Company paid life insurance premium contributions of €13,464 (2020: €15,366).

Exchange rate for 2021

For the year to December 31, 2021, €:£ exchange rate applied is 1.1587 (2020: 1.1273).

Variable pay outcomes

2021 Annual Incentive Plan

The IAG Annual Incentive Plan supports the business strategy through incentivising the delivery of identified priorities within the reporting period. The composition of measures selected reflect the most important priorities for Group for the year to deliver long-term sustainable returns. For 2021, in view of the ongoing restrictions to flying, the identified priorities were to focus on protecting capital, improving operating efficiencies, reducing costs, continuing to offer our customers an outstanding experience, whilst exploring and taking advantage of the new opportunities that would present themselves with the return to flying. The planned reintroduction of a carbon efficiency measure in 2021 was deferred until 2022, owing to the significantly reduced flying schedule and passenger volumes expected during the reporting period.

The 2021 performance year was split into two halves, reflecting the highly uncertain and changing external environment and enabling appropriate measures to be adopted for the anticipated change in commercial conditions expected with recovery.

The 2021 Annual incentive plan structure for the IAG CEO was as follows:

- **Financial measures - (60%)**
- **Customer – Net Promoter Score (20%)**
- **Strategic and personal (20%)**

Strategic and personal objectives focussed on:

Effectively navigating the pandemic: Responding to changing external factors and ensuring IAG is operational ready to take advantage of opportunities as market restrictions ease.

Lead sustainable aviation: Driving IAG's sustainability strategy and progressing towards ambitious carbon targets and building industry momentum towards a net zero world.

Set strategy and plans to maximise long term value for IAG: Oversee business transformations at the operating companies to ensure IAG emerges more efficiently from the crisis, and further develop the capability, culture, diversity and talent to underpin Group strategy and transformation plans.

Under the policy, the IAG CEO has a maximum annual incentive opportunity of 200 per cent of contractual salary.

Decision by IAG CEO not to be considered for 2021 annual incentive

Prior to the Committee's review of the full year 2021 Annual Incentive Plan measures, the IAG CEO advised the Board that he did not wish to be considered for a 2021 Annual Incentive Plan award. This request reflected a desire to maintain a personal alignment of interests with all the Group's stakeholders, many of whom continued to be negatively impacted by the ongoing pandemic in 2021.

The Board has accepted the IAG's CEO's request and expresses its gratitude to him for his long-term commitment to the Group. The Board also recognises that this is the second year for which no annual incentive or long-term incentive has been realised by the IAG CEO. These being in addition to reductions to his fixed pay over the same performance period.

Irrespective of any decision regarding a financial outcome to the IAG CEO, the Board have evaluated the IAG CEO's performance in 2021 as being 'Exceptional' in managing the pandemic, driving the transformation of the Group and in leading sustainable aviation. This performance assessment is set against the context of an extremely uncertain and challenging external environment.

IAG PSP award 2019

The IAG PSP award granted on March 8, 2019 was tested at the end of the performance period which began on January 1, 2019 and ended on December 31, 2021. The award for the current IAG CEO, who was not an executive director of the Group at the time of grant, was equivalent to 150 per cent of salary at the time of the award.

One third of the award was subject to a TSR performance condition measured against the TSR performance of the MSCI European Transportation (large and mid-cap) index, one third subject to achievement of the Company's adjusted EPS targets (diluted EPS, adjusted for exceptional items), and one third subject to RoIC. The definition of RoIC used remains consistent with the methodology described in the Company's 2017 Annual Report and Accounts. The vesting of any award was subject to the Board being satisfied that the Group's underlying financial performance was satisfactory in the circumstances prevailing over the three-year performance period.

The outcomes of the performance conditions were as follows:

Measure	Threshold	Target	Maximum	Outcome	Vesting (as per cent award granted in 2019)
TSR performance compared to the performance of the MSCI European Transportation Index (large and mid-cap) over the full three-year performance period (one-third weighting)	IAG's TSR performance equal to the index (25 per cent vests)	IAG's TSR performance between index return and 8 per cent p.a. outperformance (straight line vesting between threshold and maximum)	IAG's TSR performance exceeds index by 8 per cent p.a. (100 per cent vests)	TSR achieved: -56.75 per cent Underperformed the index by per cent 131.44 per cent	0 per cent
Adjusted EPS. Measure is adjusted EPS in final year of the performance period, i.e. 2021 EPS (one-third weighting)	2021 EPS of 150 €cents (10 per cent vests)	2021 EPS between 150 €cents and 190 €cents (straight line vesting between threshold and maximum)	2021 EPS of 190 €cents (100 per cent vests)	-59.1 €cents per share	0 per cent
RoIC. Measure is RoIC in final year of the performance period, i.e. 2021 RoIC (one-third weighting)	2021 RoIC of 14 per cent (10 per cent vests)	2021 RoIC between 14 per cent and 16 per cent (straight line vesting between threshold and maximum)	2021 RoIC of 16 per cent (100 per cent vests)	-16.4 per cent	0 per cent
Details of any discretion exercised	No discretion exercised by the Remuneration Committee/Board				
Overall outcome for executive director (IAG CEO)					0 per cent

No value was realised by the IAG CEO following the nil vesting of the 2019 PSP award.

IAG PSP award 2018 (vested at December 31, 2020)

The outcome of the previous year's PSP vesting outcome (2018 PSP) is included for reference. This award was granted on May 10, 2018 and was tested at the end of the performance period which began on January 1, 2018 and ended on December 31, 2020. The plan participants who were serving executive directors during the year of vesting (2020), were Willie Walsh, who was Chief Executive Officer of IAG at the time of award and received a grant equivalent to 200 per cent of salary and Enrique Dupuy de Lôme, who was Chief Financial Officer of IAG at the time of the award and received a grant equivalent to 150 per cent of salary. Luis Gallego and Steve Gunning, who were not executive directors at the time of the award in 2018, received awards of 150 per cent and 120 per cent of salary respectively.

One third of the award was subject to a TSR performance condition measured against the TSR performance of the MSCI European Transportation (large and mid-cap) index, one third subject to achievement of the Company's adjusted EPS targets (diluted EPS, adjusted for exceptional items), and one third subject to RoIC. The definition of RoIC used was the methodology as described in the Company's 2017 Annual Report and Accounts. The vesting of any award was subject to the Board being satisfied that the Group's underlying financial performance was satisfactory in the circumstances prevailing over the three-year period.

The outcomes of the performance conditions were as follows:

Measure	Threshold	Target	Maximum	Outcome	Vesting (as per cent award granted in 2018)
TSR performance compared to the TSR performance of the MSCI European Transportation Index (large and mid-cap) over the full three-year performance period (one-third weighting)	IAG's TSR performance equal to the index (25 per cent vests)	IAG's TSR performance between index return and 8 per cent p.a. outperformance (straight-line vesting between threshold and maximum)	IAG's TSR performance exceeds index by 8 per cent p.a. (100 per cent vests)	Underperformed the index by 20.7 per cent	0 per cent
Adjusted earnings per share (EPS) measured in final year of the performance period (one-third weighting)	2020 EPS of 130 €cents (10 per cent vests)	2020 EPS between 130 €cents and 170 €cents (straight-line vesting between threshold and maximum)	2020 EPS of 170 €cents (100 per cent vests)	-122.6 €cents	0 per cent
Return on Invested Capital (RoIC) measured in final year of the performance period (one-third weighting)	2020 RoIC of 13 per cent (10 per cent vests)	2020 RoIC between 12 per cent and 16 per cent (straight-line vesting between threshold and maximum)	2020 RoIC of 16 per cent (100 per cent vests)	-22.4 per cent	0 per cent
Details of any discretion exercised	No discretion exercised by the Remuneration Committee/Board				
Overall outcome for executive directors					0 per cent

No value was realised by any executive director following the nil vesting of the 2018 PSP award.

Subject to audit

Scheme interests awarded during the financial year

2021 Restricted Share Plan (RSP)

During 2021, the Group revised its approach to long-term incentives, replacing the existing Performance Share Plan (PSP) with a Restricted Share Plan under the new Executive Share Plan, approved by shareholders in June 2021.

The RSP was introduced 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 an increased focus on the long-term, sustainable performance of the Company. The simplified structure and transparency of the RSP in comparison to the Performance Share Plan, also provided a better basis to attract and retain senior management talent.

A three-year vesting period and further two-year holding period applies to RSP awards for executive directors, with vesting being dependent upon a satisfactory review of the discretionary underpin by the Remuneration Committee. This assessment focuses on the Company's overall performance during the vesting period, including financial and non-financial performance measures, as well as any material risk or regulatory failures identified and ensures any value delivered to executive directors is fair and appropriate in the context of business performance and shareholder experience. Malus and clawback provisions apply to RSP awards enabling the reduction of awards so far as nil value to further ensure that corporate or individual failure is not rewarded under the plan.

For 2021, the face value of the IAG CEO's award was reduced from 200 per cent of salary to 100 per cent of salary in association with the change from a PSP to an RSP opportunity.

Details of 2021 RSP executive director award

Type of award	Company shares
Basis of determination of the size of award	Awards only made to consistently high-performing executives within 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 (per cent of base salary)	IAG CEO (Luis Gallego) - 100 per cent
Date of Grant	June 23, 2021
Grant price	£1.97
Vesting period	Three years: June 23, 2021 to June 22, 2024
Holding period	Two years: June 23, 2024 to June 22, 2026
Discretionary underpin description	No performance measures are associated with the awards. Vesting will be contingent on the satisfaction of a discretionary underpin, assessed three years after grant. In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance measures over the course of the vesting period, as well as any material risk or regulatory failures identified. Financial performance may include elements such as revenue, profitability, cash generation, return on capital and benchmarked with 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 at the point of vesting.

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 (January 1, 2021 to December 31, 2021). He received cash in lieu of contributions of £92,251. This value is equivalent to 12.5% of base salary paid during the performance period and is comparable to the rate for the majority of the UK workforce.

Payments for loss of office

Antonio Vázquez, who stood down from the Board on January 7, 2021, has received the following payments during 2021: a Chairman's fee for the part month only of €11,288, taxable benefits of €6,848, and a lump sum retirement benefit relating to his historical Iberia service contract, valued at €2,800,000 plus accrued interest, administered via an external insurance provider. The information regarding his retirement benefit was fully disclosed in the 2020 Annual Report and Accounts.

No other loss of office payments were made to current or past directors during 2021.

Payments to past directors

Patrick Cescau received travel benefits worth €10,249 during 2021.

Maria Fernanda Mejia received travel benefits worth €13,451 during 2021.

Deborah Kerr received travel benefits worth €2,392 during 2021.

Baroness Kingsmill received travel benefits worth €6,113 during 2021.

James Lawrence received travel benefits worth €2,337 during 2021.

Keiran Poynter received travel benefits worth €604 during 2021.

Dame Marjorie Scardino received travel benefits worth €7,436 during 2021.

Willie Walsh received travel benefits worth £159 during 2021.

Subject to audit

Statement of directors' shareholding 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 per cent of salary and other executive directors are required to build up and maintain a shareholding of 200 per cent of basic salary.

In addition, executive directors are required to retain all shares received via incentive plans until 100 per cent 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.

Shares which qualify towards 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 table below summarises current executive directors' interests as of December 31, 2021:

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	Vested shares from restricted share plan	Unvested shares from deferred annual incentive plans	Total qualifying shares held ¹
Luis Gallego	350 per cent of salary	403,834	513,747	169,545	0	82,731	1,169,856 (491 per cent of salary)

¹ 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, executive directors will be required to hold the number 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 from the Group. Shares will normally be retained in the nominee account administered by the Company to ensure this.

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.

Non-executive directors

Non-executive directors are paid a flat fee each year, as per the following table. The fees in the table are the contractual rates and do not reflect the pandemic-related reductions that were applied to non-executive director fees in 2020 and 2021.

Role	Fee
Non-executive Chairman	€645,000
Non-executive directors	€120,000
Additional fee for holding a Committee chairmanship	€20,000
Additional fee for Senior Independent Director	€30,000

Single total figure of remuneration for each non-executive director

The fees shown in the following table reflect that all non-executive directors agreed to a reduction in all types of fees received in order to preserve cash and maintain the Group's competitive positioning during the pandemic. Between April 1, 2020 to December 31, 2020, a 20 per cent reduction applied to all fee types. Thereafter in 2021, the reduction was decreased to 10 per cent and applied for the full year.

Director (€'000)	2021 fees	2021 taxable benefits	Total for year to December 31, 2021	2020 fees	2020 taxable benefits	Total for year to December 31, 2020
Antonio Vázquez ^{1,2}	11	7	18	548	0	548
Javier Ferrán ³	573	4	577	107	4	111
Alberto Terol	153	9	162	128	10	138
Giles Agutter	108	4	112	30	0	30
Marc Bolland ⁶	-	-	-	84	3	87
Peggy Bruzelius ⁴	108	0	108	-	-	-
Eva Castillo ⁴	108	0	108	-	-	-
Margaret Ewing	126	0	126	107	4	111
Deborah Kerr ⁶	-	-	-	107	-	107
Maurice Lam ⁵	58	2	60	-	-	-
Heather Ann McSharry ⁴	108	0	108	-	-	-
Maria Fernanda Mejía ⁶	-	-	-	102	15	117
Robin Phillips	108	0	108	30	0	30
Kieran Poynter ⁶	-	-	-	84	2	86
Emilio Saracho	108	7	115	102	6	108
Nicola Shaw	123	0	123	102	1	103
Total (€'000)	1,692	34	1,725	1,531	45	1,576

1 Antonio Vázquez retired from the Board on January 7, 2021, receiving a Chairman's fee for that part month only.

2 Antonio Vázquez's lump sum retirement benefit relating to his historical Iberia service contract, valued at €2,800,000 and accrued interest, and administered via an external insurance provider, was delivered to him at point of retirement, as fully disclosed in the 2020 Annual Report and Accounts.

3 Javier Ferrán was appointed Chairman on Antonio Vázquez's retirement on January 7, 2021 and his January 2021 fees reflect a blend of non-executive director and chair fees.

4 Peggy Bruzelius, Eva Castillo Sanz and Heather Ann McSharry joined the Board on December 31, 2020, but received no remuneration for 2020.

5 Maurice Lam joined the Board on June 17, 2021 and his fees and taxable benefits reflect a part year of service.

6 Marc Bolland, Deborah Kerr, Maria Fernanda Mejía and Kieran Poynter all stepped down from the Board during 2020 and received no fees in 2021.

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 items 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 December 31, 2021, €:£ exchange rate applied is 1.1587 (2020: 1.1273).

Directors' interests in shares

	Total shares and voting rights	Percentage of capital
Javier Ferrán	774,750	0.016
Luis Gallego	829,544	0.017
Alberto Terol	102,341	0.002
Giles Agutter	625	0.000
Peggy Bruzelius	0	0.000
Eva Castillo	0	0.000
Margaret Ewing	18,750	0.000
Maurice Lam	0	0.000
Heather Ann McSharry	55,000	0.001
Robin Phillips	0	0.000
Emilio Saracho	0	0.000
Nicola Shaw	4,285	0.000
Total	1,785,295	0.036

There have been no changes to the shareholdings set out above between December 31, 2021 and the date of this report.

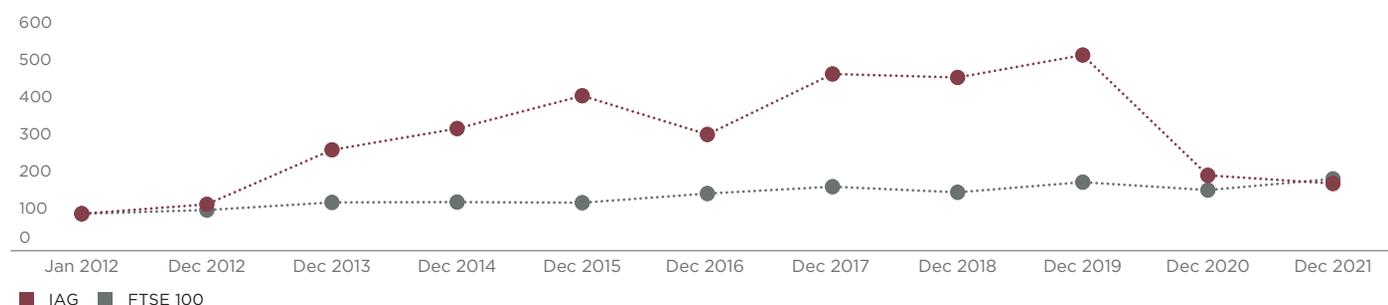
Share scheme dilution limits

The Investment Association sets guidelines that restrict the issue of new shares under all the Company's share schemes in any ten-year period to 10 per cent of the issued ordinary share capital and restrict the issues under the Company's discretionary schemes to 5 per cent in any ten-year period. At the Annual Shareholders' Meeting on June 17, 2021 the Company was given authority to allocate up to 100,000,000 shares (2.01 per cent of the share capital at that time) under the Executive Share Plan in 2021, 2022, 2023 and 2024 financial years. Of this a maximum of 5,000,000 shares could be allocated to executive directors under the Executive Share Plan for awards made during 2021, 2022, 2023 and 2024 financial years. Should some or all of these above-mentioned shares not be allocated to the executive directors, they may be allocated to the remaining participants in the Executive Share Plan.

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

The chart shows the value by December 31, 2021 of a hypothetical £100 invested in IAG shares on listing 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.



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	
2012	£1,083,000	No annual incentive payment	Zero vesting of long-term incentives	
2013	£4,971,000	78.75 per cent of maximum	100 per cent of maximum	
2014	£6,390,000	97.78 per cent of maximum	85 per cent of maximum	
2015	£6,455,000	80 per cent of maximum	100 per cent of maximum	
2016	£2,462,000	33.33 per cent of maximum	50 per cent of maximum	
2017	£3,954,000	92.92 per cent of maximum	66.67 per cent of maximum	
2018	£3,030,000	61.85 per cent of maximum	46.19 per cent of maximum	
2019	£3,198,000	51.97 per cent of maximum	72.11 per cent of maximum	
2020	Willie Walsh Luis Gallego	£662,000 £301,000	No annual incentive payment No annual incentive payment	Zero vesting of long-term incentives Zero vesting of long-term incentives
2021		£1,110,000	No annual incentive payment	Zero vesting of long-term incentives

Single total figure of remuneration includes basic salary, taxable benefits, pension-related benefits, annual incentive award and long-term incentive vesting, and in 2020 and 2021 reflects agreed reductions to salary and pension benefits in light of the pandemic.

Percentage change in remuneration of the IAG CEO compared to employees

The table below compares the remuneration outcomes of the IAG CEO against the UK workforce in 2021. The 'all UK employees' comparator group remains unchanged from that used for 2020 on the continued rationale that using the largest comparator group provides the most representative and meaningful comparison for the UK workforce.

Over 90 per cent of UK employees reported are employed by British Airways, with the majority of the remainder employed by either employees of other airlines currently working in the UK, IAG Head Office, the Group's specialist procurement function GBS, IAG Tech, IAG Loyalty or IAG Cargo. The comparison therefore provides a full cross-section of roles, job functions and seniority levels in the UK. The use of the UK population also keeps a broad alignment with the population captured for the IAG CEO pay ratio, providing a more consistent population basis for all senior executive and workforce pay comparisons.

For specific comparisons, such as the award of salary increases, a 'same store' employee population is used focusing only on employees who were present in both 2020 and 2021, to give a more representative comparison against the salary increase eligible population.

	IAG CEO	UK employees
2021 basic salary increases	<p>Reductions to the IAG CEO's salary and pension benefits operated from his appointment in September 2020, through to December 2021.</p> <p>The IAG CEO was not awarded a salary increase in 2021.</p>	<p>In 2021, due to the focus on preserving cash, salary increases were only approved on an exceptional basis, such as in promotion situations. Of the circa 24,000 employees present in both 2020 and 2021, less than 5 per cent (circa 1,200 employees) received contractual salary increases in 2021. For employees receiving increases, the median salary increase awarded was 6.15 per cent of contractual basic salary. The value of salary and fixed pay actually received by UK employees was primarily driven by the COVID response measures and resource requirements for the role the employee performed.</p>

	IAG CEO	UK employees
2021 annual Incentive awards	The cancellation of 2020 Annual Incentive plan by the Committee and the IAG CEO's request not to be considered for an award under the 2021 Annual Incentive Plan means he received no annual incentive award for 2020 or 2021.	The impact of the pandemic in 2020 and need to preserve cash had the impact of either cancelling the operation of incentive plans (such as the IAG Annual Incentive Plan, for which most UK managers are eligible) or significantly reducing the value of any incentives distributed. For 2021, incentive plans were in place against objectives designed to focus on protecting cash, supporting customers and ensuring IAG navigates the pandemic and is positioned to take advantage of opportunities as market restrictions ease. Outturns and payments against these plans were managed at a local level.
Taxable benefits	Following his international relocation in 2020, from 2021 the IAG CEO began to receive a tax advisory support benefit, the value for which is expected to be £7,000 for 2021. He also received £8,000 in relocation benefits in 2021 in relation to his relocation to the UK in H2 2020. In 2021, the IAG CEO became eligible for a two-year, fixed-term £250,000 per annum transitional allowance, enabling him to personally maintain a base in Madrid given the Company's significant operations and business in Spain.	The value and level of taxable benefit offered to employees remained unchanged in 2021.

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, against the equivalent change for UK employees from 2019 to 2021.

Director (€'000)	2020 to 2021			2019 to 2020		
	Salary or fees value change from 2020 to 2021 ⁵	Taxable benefits value change from 2020 to 2021	Annual incentive value change from 2020 to 2021	Salary or fees value change from 2019 to 2020	Taxable benefits value change from 2019 to 2020	Annual incentive value change from 2019 to 2020
Luis Gallego ¹	269%	315%	0%	-	-	-
Antonio Vázquez ²	(98%)	100%		(15%)	(100%)	
Javier Ferrán ³	436%	0%		67%	100%	
Alberto Terol	20%	(10%)		(6%)	(62%)	
Giles Agutter ¹	260%	100%		-	-	
Peggy Bruzelius ⁴	-	-		-	-	
Eva Castillo ⁴	-	-		-	-	
Margaret Ewing	18%	(100%)		67%	300%	
Maurice Lam	-	-		-	-	
Heather Ann McSharry ⁴	-	-		-	-	
Robin Phillips ¹	260%	0%		-	-	
Emilio Saracho	6%	17%		(15%)	(67%)	
Nicola Shaw	21%	(100%)		(15%)	(94%)	
All UK employees^{6,7}	39%	0%	131%	(11%)	-	-

1 The comparison of 2020 vs 2021 remuneration for Luis Gallego, Giles Agutter and Robin Phillips reflects a part year of director service and remuneration in 2020 versus a full year of director service and remuneration in 2021.

2 Antonio Vázquez retired from the Board at January 7, 2021 and his remuneration comparison compares a full year of chairman service in 2020, versus a part month in 2021.

3 The uplift in fees for Javier Ferrán between 2020 and 2021 reflects his role as a non-executive director in 2020 and his assumption of the Chairman role at January 7, 2021, for the rest of the reporting period.

4 Eva Castillo, Heather Ann McSharry, and Peggy Bruzelius were appointed as directors on December 31, 2020, but received no remuneration for 2020.

5 The comparison of fees for all directors in respect of 2020 and 2021, reflects a 20 per cent COVID-related reduction operated between April 1, 2020 and December 1, 2020 and a 10 per cent reduction operated for the full year in 2021.

6 The All UK Employee 2020 and 2021 salary medians underlying the 39% uplift in median salary are taken from UK employee earnings published in the 2021 CEO pay ratio section and reflect the inclusion of company top-up and statutory furlough payments as part of reported employee salaries in 2021, that were not included in 2020.

7 The reported change in the median value of All UK employee annual incentives from 2020 to 2021 (131%) reflects the distribution of considerably reduced award values in both years.

Relative importance of spend on pay

The table below shows, for 2021 and 2020, total remuneration costs, adjusted operating profit/(loss) and dividends for the Company.

	2021	2020
Total employee costs, IAG ¹	€ 3,031,000,000	€ 3,247,000,000
Total remuneration, directors (including non-executive directors)	€3,011,000	€ 3,339,000
IAG operating profit/(loss), excluding exceptional items	€ (2,970,000,000)	€ (4,365,000,000)
Dividend declared	-	-
Dividend proposed	-	-

1 Total employee costs are before exceptional items and include furlough grants received.

CEO Pay Ratio

The following table sets out IAG's CEO pay ratio figures in respect of 2021, 2020 and 2019.

Year	CEO single figure (£'000)	Method	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
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	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2021	Basic salary (£'000)	26.9	39.7	60.6
	Total remuneration (£'000)	38.6	53.4	80.7
2020	Basic salary (£'000)	17.2	28.6	45.2
	Total remuneration (£'000)	28.4	42.8	63.9
2019	Basic salary (£'000)	20.1	32.3	46.5
	Total remuneration (£'000)	29.4	44.2	64.7

The ratio continues to be calculated on the most statistically accurate basis, Option A. UK employee pay is based on the payroll records of 29,774 employees who were in the Group for the whole of or some of 2021. To provide a fair and representative view to all remuneration received by UK employees, the 2021 basic salary and total remuneration figures include statutory and company top-up furlough payments. The 2020 UK employee remuneration figures excluded all types of furlough payment and were representative of earnings for time worked, but were not representative of the full level of pay received by employees and their actual remuneration experience. With the UK furlough scheme having ended in September 2021, this consideration should not be relevant for future years reporting.

To ensure the accuracy of these calculations, earnings data was collected directly from the UK payroll on a month-by-month basis. Any variable incentive elements in respect of 2021, payable to employees later in 2022, are modelled on an employee-by-employee basis against agreed frameworks. This approach enables fair and accurate comparison to the IAG CEO 2021 single total figure of remuneration.

The continued low ratio for 2021 shows the impact of the ongoing pandemic to the IAG CEO's pay. The increases in remuneration for both the IAG CEO and UK employees in 2021, maintain the ratio in a broad equilibrium, with the ratio reducing slightly by two points from 2020.

The increase in the UK employee remuneration in 2021 reflects:

- The rise in employee pay resulting from the reporting of all amounts paid to employees in 2021 (in 2020, UK Government furlough and company top-up amounts were not reported as part of employee earnings)
- Any payments made to managers under the 2021 annual incentive plan
- Changes to the size and composition of the UK workforce between years, with pay for 37,081 employees being reported for 2020 and 29,744 for 2021

The change in IAG CEO remuneration between 2020 and 2021, is due to balance of changing factors as follows:

- The higher proportion of contractual salary and pension contributions received by the IAG CEO in 2021 vs 2020.
- The increase in the value of the IAG CEO's taxable benefits resulting from his eligibility to a transitional allowance in 2021.
- No short- or long-term incentives being received by the IAG CEO in 2021.

The ratio reported for the second year of the pandemic is the lowest the Group has reported since disclosure of this metric commenced. The reduction in the ratio from 2019 demonstrates the continuing impact of the pandemic and is an accurate reflection of the contraction in IAG CEO pay, with current IAG CEO remuneration being around 35 per cent of 2019 levels. The fall in the ratio at all quartiles from 2019 and 2020 demonstrates that the implementation of the Policy in 2021 has not favoured the IAG CEO at the expense of the wider workforce.

The Committee is aware that the current ratio, whilst temporary, is an outlier amongst similar profile organisations. As the Group continues its recovery from the pandemic and IAG CEO variable incentives again begin to be payable against the generation of sustainable shareholder value, it is expected that the Group's CEO pay ratio will increase to a more representative, pre-pandemic range.

Implementation of Remuneration Policy for 2022

At the outset of 2022, the Directors' Remuneration Policy continues to apply only to the IAG CEO, who is currently the only IAG executive director.

With the Group emerging from the pandemic at end of 2021, and the CEO having voluntarily given up over £150,000 in salary and pension allowances since assuming the IAG CEO role at September 2020, it was agreed to cease the IAG CEO salary reduction from January 1, 2022. This restoration increased the IAG CEO salary to its full contractual rate of £820,000 per annum and also implemented the full value of salary-linked pension benefits. This marked the first point at which the IAG CEO received full contractual pay since appointment, demonstrating the significant length of time pay reductions had been in place.

The review of executive director base salaries normally occurs in January each year. For 2022, the Committee has decided to defer the review of the IAG CEO's salary until the second half of the year. This postponement will enable the Committee to better understand the Group's recovery from the pandemic and make an informed decision in relation to the IAG CEO's base salary level.

Executive director	Basic salary review
IAG CEO	£820,000 (€950,134) (no increase from 2021)

2022 annual incentive plan

For 2022, with the anticipated return of more normalised flight and passenger volumes, we will reinstate an IAG-specific carbon efficiency measure, to further drive progress towards our Flightpath Net Zero 2050 commitment. This will measure the fuel efficiency of our flight operations, taking account of our network, aircraft mix and passenger load factors. The specific metric will be grammes of CO₂ per passenger kilometre and will have a weighting of 10 per cent of overall incentive.

In addition to the carbon-efficiency measure, the existing 2021 measure types; financial, customer and strategic and personal will be carried forward into 2022 and weighted in alignment with the Policy with financial measures accounting for no less than 60 per cent of overall incentive opportunity.

2022 long-term incentive plan

Following the approval of the Executive Share Plan in June 2021, the Group ceased making awards under the Performance Share Plan (PSP) and granted the first schedule of Restricted Share Plan (RSP) to eligible senior leaders. In replacing the PSP with an RSP, a maximum RSP opportunity of 100 per cent of salary was determined for the IAG CEO and was approved in the Policy.

Since the implementation of the Policy in 2021, the Committee has reflected at length on the appropriateness of the IAG CEO RSP opportunity and the extent to which the current opportunity level will be effective in supporting the delivery of the business strategy.

The current opportunity level was set at a modest level relative to the size and complexity of the Group's operations. Since approval, the Committee has undertaken a review of the CEO's remuneration arrangements, in light of the concerns around the competitiveness of the CEO's package, the wish to place more emphasis on sustained long-term alignment, and the need to retain a CEO of outstanding quality at this critical time.

A number of shareholders have been consulted for their views and a resolution will be submitted to the 2022 Annual Shareholders' Meeting to amend the current Policy. This change will reflect an increase in the IAG CEO's maximum RSP opportunity from 100 per cent of salary to 150 per cent of salary.

The proposed RSP opportunity reflects the Committee's careful consideration, taking into account:

- Long-term award opportunities both externally at other relevant businesses and internally within our senior management team
- The cumulative impact that this higher opportunity could have on the CEO's long-term interest in IAG and the associated benefits of that, and
- The wish to place more emphasis in the CEO's remuneration package on sustained long-term alignment at a challenging time for the business when the CEO provides critical stability

Amending the Policy in this area builds long-term alignment of interests with shareholders and affords the Committee greater flexibility in determining the value of any RSP awards, relative to all factors, in 2022 and the future.

2022 long-term incentives and wider senior leadership

The eligibility criteria for 2022 RSP awards remained unchanged from 2021, with grants for senior leaders continuing to be made only to consistently high-performing individuals, whose skills are critical to the delivery of the business strategy and whom the Company has identified as a long-term retention priority. With the exception of the IAG CEO, the maximum value of individual awards scheduled to be made in 2022 will remain consistent with last year and the overall face value of grants will be similar to that distributed in 2021.

Although no value can be realised by plan participants from 2022 awards until 2025, their simplicity and transparency create immediate engagement, attraction and retention benefits amongst the Group's key leaders. This continues to enable the Group to maximise the contribution of its senior leadership throughout the 2022 recovery and remain focused on the delivery of long-term sustainable value to shareholders.

Taxable benefits and pension-related benefits

Taxable benefits and pension benefits remain unchanged for 2022. The IAG CEO's eligibility to the transitional allowance will cease at the end of 2022.

Non-executive director fees

Non-executive director fees were last reviewed in 2017 and remain unchanged for 2022. The fees have remained unchanged since 2011.

In 2021, all non-executive directors including the Chairman, agreed to a 10 per cent reduction in fees for the full year, in view of the need to preserve cash within the business. Recognising the Group's emergence into recovery, and in alignment with the decision taken for the IAG CEO salary reinstatement, it was agreed that all non-executive directors should return to receiving full fees from January 1, 2022.

The Remuneration Committee

The Remuneration Committee is regulated by article 32 of the IAG Board Regulations and by its own Regulations approved on February 25, 2021. A copy of these Regulations is available on the company website.

Beyond executive directors, the Committee oversees the general application of the Remuneration Policy for the members of the IAG Management Committee (and also occasionally considering remuneration matters related to managers generally across the Group).

Article 32 of the Board Regulations ensures that the Remuneration Committee shall be made up of no fewer than three independent non-executive directors, with the dedication, capacity and experience necessary to carry out their function. Alberto Terol chairs the Committee and holds Senior Independent Director responsibility. 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 Code, the Remuneration Committee also has responsibility to review workforce remuneration and related policies and the alignment of incentives and rewards with culture.

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 2021 were £56,073 (€64,971), charged on a time and materials basis. Deloitte is a member of the Remuneration Consultants Group and a signatory to the voluntary UK Code of Conduct. As well as advising the Remuneration Committee, other Deloitte teams provided advice in relation to remuneration, pensions, taxation and immigration compliance requirements for IAG's mobile workforce, data governance, business process improvement, financial/fiscal advisory work and tax to the Group in 2021. 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 Group also received market data and insights from other specialist consultants such as Aon, PwC and Willis Towers Watson in 2021.

Statement of voting

The table below shows the consultative vote on the 2020 annual Directors' Remuneration Report and the binding vote on the Directors' Remuneration Policy at the 2021 Shareholders' Meeting:

	Number of votes cast	For	Against	Abstentions/Blank
2020 Annual Directors' Remuneration Report	2,573,169,545 (99.94 per cent)	2,383,678,763 (92.58 per cent)	189,490,782 (7.36 per cent)	1,525,952 (0.06 per cent)
Directors' Remuneration Policy	2,574,695,497 (99.33 per cent)	2,407,953,176 (93.53 per cent)	149,433,203 (5.80 per cent)	17,309,118 (0.67 per cent)

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 December 31, 2021:

Director	Date of grant	Number of options at January 1, 2021	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 December 31, 2021
Luis Gallego	May 28, 2015	131,242	-	-	-	-	1/1/2020	31/12/2024	131,242
	March 7, 2016	98,001	-	-	-	-	1/1/2021	31/12/2025	98,001
	March 6, 2017	174,504	-	-	-	-	1/1/2022	31/12/2026	174,504
	May 10, 2018	194,269	-	-	194,269	-	Lapsed		0
	March 8, 2019	245,114	-	-	-	-	1/1/2024	31/12/2028	245,114
	March 6, 2020	538,805	-	-	-	-	1/1/2025	1/1/2029	538,805
Total nil cost options over ordinary shares		1,381,935	-	-	194,269	-			1,187,666

The award granted on May 10, 2018 was tested at the end of the performance period. Threshold performance was not achieved for any measure and therefore the award lapsed in full.

The performance conditions for each of the unvested PSP awards listed above will be tested to determine the level of vesting. For each of these awards, one third of the award is subject to TSR performance measured against a comparator index, one third is subject to adjusted EPS performance, and one third is subject to RoIC performance. The performance conditions will be measured over a single three-year performance period. Any vested awards are subject to an additional two-year holding period.

The value attributed to the Company's ordinary shares in accordance with the plan rules on the date of the 2020 PSP award was 459 pence (2019: 567 pence; 2018: 691 pence; 2017: 546 pence; 2016: 541 pence; and 2015: 550 pence).

The following table details the conditional share awards over ordinary shares granted under the Executive 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 December 31, 2021	Number of vested conditional shares at December 31, 2021
Luis Gallego	June 23, 2021	414,954	June 23, 2024	-	June 23, 2026	414,954	-
Total conditional share awards (RSP)		414,954		-		414,954	-

RSP awards are subject to a discretionary underpin prior to vesting. This review, performed by the Remuneration Committee, considers the Company's overall performance, including financial and non-financial performance measures, over the course of the vesting period, 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 to reduce the vesting value, including to nil.

The value attributed to the Company's ordinary shares in accordance with the plan rules on the date of the 2021 RSP award was 197 pence.

Incentive Award Deferral Plan (IADP)

Under the current policy, 50 per cent of any annual incentive award for executive directors is made in deferred shares under the Incentive Award Deferral Plan. 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 December 31, 2017, December 31, 2018 and December 31, 2019.

No award was made in respect of 2020 following the decision to cancel the 2020 IAG Annual Incentive Plan. Additionally, no award will be made to the IAG CEO for 2021. The impact of not making IADP grants to the IAG CEO for two years in succession will be a considerable reduction in unvested IADP shareholdings and the effectiveness of unvested IADP shares as a retention tool.

Executive Director	Performance year award relates to ¹	Date of award	Number of Shares at January 1, 2021	awards released during the year	Date of vesting	Awards lapsing during the year	Awards made during the year	Number of unvested shares at December 31, 2021
Luis Gallego	2017	May 10, 2018	90,253	90,253	March 8, 2021	-	-	-
	2018	March 8, 2019	74,576	-	March 8, 2022	-	-	74,576
	2019	March 6, 2020	81,520	-	March 6, 2023	-	-	81,520
Total			246,349	90,253		-	-	156,096

1 No IADP award was made in March 2021, following the cancellation of the 2020 Annual Incentive Plan.

IADP awards already reflect performance delivered against a completed performance period, therefore awards are not subject to further performance conditions for vesting to occur. The terms and conditions of award for IADP grants do however require executive directors to be in employment with the Company at the time of vesting, or have left as a Good Leaver, to be eligible to receive the award. IADP awards are also subject to the 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 2020 award: 459 pence; 2019 award: 567 pence and 2018 award: 691 pence.

The value attributed to the Company's ordinary shares in accordance with the plan rules on the date of the 2018 IADP award (relating to the 2017 performance year) was 691 pence. The share price on the date of the vesting of this award (March 8, 2021) was 210 pence. The monetary value of the shares received was the share price on the date of the vesting multiplied by the number of shares in respect of the award vested, as shown in the table above.

Approval of 2021 Directors' Remuneration Policy

The new Directors' Remuneration Policy, approved by shareholders on June 17, 2021, brought the policy into line with changing UK and Spanish governance best practice and improved alignment to the Group's strategy through changes in long-term incentive plan design, alignment of executive director pension benefits, introduction of post-employment shareholding requirements, extension of malus and clawback capabilities and extension of discretion afforded to the Remuneration Committee and Board.

The updated policy is published on the IAG external website and presented in detail below.

(https://www.iairgroup.com/-/media/Files/1/IAG/AGM%202021/English/6%20May%20upload/directors_remuneration_policy_2021.pdf)

2021 Directors' Remuneration Policy:

Governance

This Directors' Remuneration Policy is adapted to the new wording of article 529 novodecies of the Capital Companies Act, as amended by Law 5/2021 of 12 April, and shall apply, in accordance with the provisions of section 1 of said article 529 novodecies, from the date of its approval by the 2021 Shareholders' Meeting and during the following three financial years (i.e. during financial years 2022, 2023 and 2024). Any amendment or replacement thereof during such period shall require the prior approval of the Shareholders' Meeting in accordance with the procedure established for its approval.

As a Spanish-incorporated company, IAG is not subject to the remuneration reporting regulations that apply to UK-incorporated companies. Nevertheless, the Committee recognises the importance of effective corporate governance and is firmly committed to UK best practice, such that we continue to operate in line with the regulations.

IAG Remuneration Principles

Alignment	Our remuneration policies promote long-term value creation, through transparent alignment with our corporate strategy.
Simplicity and clarity	We will keep our remuneration structures as simple and clear as possible to ensure they are understandable and meaningful to employees and shareholders.
Competitiveness	Total remuneration will be competitive for the role, taking into account scale, sector, complexity of responsibility and geography. When setting senior executive pay, we will consider experience, external pay relativity, and the ability of IAG to compete for global talent.
Pay for performance	We promote a culture where all employees are accountable for delivering performance. We will ensure there is alignment between performance and pay outcomes, with fair outcomes supported by corporate and individual performance and wider stakeholder experience. Depending on the level of the individual in the organisation, we use long-term equity to incentivise performance, shareholder value creation, and retention. Performance measures and targets will seek to balance collective success with a clear line of sight for participants. Remuneration outcomes aim to reflect the sustained long-term underlying performance of IAG.
Judgement	We will use discretion and judgement to review formulaic performance outcomes to arrive at fair and balanced remuneration outcomes for both IAG and employees.
Sustainability	Our remuneration policies incentivise individual and corporate performance, support talent attraction and retention and promote sound risk management to enhance the sustainable long-term financial health of the Group. Individual contribution and values and behaviours will be reflected in remuneration outcomes.

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.

Early in 2021, the Board Chair, Remuneration Committee Chair and executives from the Company held meetings with our major investors on our proposed new Remuneration Policy. These discussions were very useful; the Company carefully considered the views stated and modified the policy as appropriate.

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

The policy as shown on the following pages is intended to apply for three years, until 2024, taking effect from the date of approval.

The principal changes from the previous Remuneration Policy (which was approved at the Annual Shareholders' Meeting in 2018) are shown on the following table.

Area of change to policy	Summary of approved change from 2018 to 2021
Long-term incentive	Replacement of the existing Performance Share Plan (PSP) with a Restricted Share Plan (RSP).
Pension contributions	Upon appointment, the pension contributions for the new CEO and CFO of IAG were revised down to 12.5% of salary, comparable to the rate applicable to the majority of the UK workforce. In this Remuneration Policy, the Company will formalise the arrangement that pension contributions for executive directors will be aligned with the wider workforce.
Post-cessation shareholding requirements	Introduction of a post-cessation shareholding requirement for executive directors, in line with best practice.
Malus and clawback	Extend the malus and clawback trigger events to include payments based on erroneous or misleading data, serious reputational damage and corporate failure to align with guidance.
Discretion	Additional wording to align to the Corporate Governance Code and allow discretion to adjust formulaic outcomes to reflect corporate performance.
Addressing significant falls in share price under long-term incentives	Additional wording to address windfall gains that may occur for long-term incentives.

These changes:

- Ensure a focus on the long-term performance of the Company, with a primary focus on delivering sustainable shareholder returns.
- Ensure that executives are not discouraged from making timely and difficult strategic decisions that may have short-term impacts, but are in the best interests of the long-term health of the business.
- Support the build-up and maintenance of a long-term shareholding which ensures executives and senior managers focus on recovering and enhancing shareholder value.
- Ensure management have the same ownership experience as shareholders.
- Simplify remuneration for executive directors and senior managers

Key elements of pay

Executive directors

The table below summarises the main elements of remuneration packages for the executive directors:

Purpose and link to strategy	Operation of element of policy	Maximum opportunity	Performance metrics
<p>Base salary</p> <p>To attract and retain talent to help achieve our strategic objectives.</p>	<p>Takes account of factors such as role, skills and contribution.</p> <p>The positioning of base salaries is set with reference to factors such as the external market, as well as the individual's skills and contribution.</p> <p>Basic salaries are reviewed annually, and normally take effect on January 1 each year.</p>	<p>There is no formal maximum. Basic salaries are reviewed annually by the Remuneration Committee by taking into account factors such as: company affordability, the value and worth of the executive, retention risks, and the size of pay increases generally across the whole group of companies.</p>	<p>Individual and business performance are considered in reviewing and setting base salary.</p>
<p>Annual incentive award</p> <p>Incentivises annual corporate financial and non-financial performance and the delivery of role-specific objectives.</p> <p>The deferred shares element aligns the interest of executives and shareholders and provides a retention tool.</p>	<p>The Board, on a recommendation from the Remuneration Committee, sets the financial and non-financial targets that apply to the annual incentive award. These are set by reference to a number of factors, including the Business Plan (as approved by the Board), and the Group's strategic focus. For the portion based on personal objectives, the Committee will consider the performance of each executive against their role-specific objectives. All performance evaluations for executive directors will be submitted to the Board for final approval.</p> <p>The Board, after considering the recommendation of the Committee, retains the discretion to adjust the formulaic outcome of awards in order to, in its opinion, properly reflect overall corporate performance – see below.</p> <p>50 per cent of the annual incentive award is deferred into shares. This is designed to align the interests of executives with shareholders by providing a proportion of the annual incentive in shares in the form of a bonus deferral award.</p> <p>On vesting, executives will receive the benefit of any dividends paid over the deferred period in the form of dividend equivalent payments.</p> <p>Malus and clawback provisions apply – see below.</p>	<p>The maximum opportunity in the incentive plan is 200 per cent of salary. Each performance metric in the incentive plan is independent. For each performance metric in the incentive plan, there will be no payment at all until performance for that particular metric has reached the threshold level of the target range. 50 per cent of the maximum will be awarded for on-target performance, and the maximum for each element will only be awarded once a stretch target has been reached.</p>	<p>At least 60 per cent and no more than 80 per cent of the annual incentive is subject to financial measures. The weighting on role-specific objectives will not exceed 25 per cent, and any remaining portion will be subject to measurable non-financial metrics.</p> <p>For the bonus deferral award, no other performance conditions apply because it is based on performance already delivered.</p>

Purpose and link to strategy	Operation of element of policy	Maximum opportunity	Performance metrics
<p>Restricted Share Plan (RSP)</p> <p>Incentivises long-term shareholder value creation, and retention.</p>	<p>The RSP is a discretionary plan targeted at key senior executives and managers of the Group who directly influence shareholder value. The RSP consists of an award of the Company's shares which vests as long as the executive remains employed by the Company at the time of vesting and subject to the assessment of the underpin. On vesting, in line with the rules of the RSP and IAG's philosophy to encourage and facilitate employee shareholding, participants may elect to self-fund any tax due rather than sell a portion of their share award to meet tax liabilities.</p> <p>Malus and clawback provisions apply – see below.</p> <p>Following the assessment of the underpin, there is normally an additional holding period of at least two years.</p>	<p>2021 Policy - The face value of an award will not exceed 100 per cent of salary at the time of the award. An executive will have a maximum of one award in respect of any financial year of the Company.</p> <div style="background-color: #e0e0e0; padding: 10px; margin-top: 10px;"> <p>Proposed 2022 Policy amendment to replace 2021 maximum opportunity:</p> <p>The face value of an award will not exceed 150 per cent of salary at the time of the award. An executive will have a maximum of one award in respect of any financial year of the Company.</p> </div>	<p>No performance measures are associated with the awards. Vesting will be contingent on the satisfaction of a discretionary underpin, assessed three years after grant. In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance measures over the course of the vesting period, as well as any material risk or regulatory failures identified. Financial performance may include elements such as revenue, profitability, cash generation, return on capital and benchmarked with comparable airlines. Non-financial performance may include a range of operational and strategic measures critical to the Company's long-term sustainable success. Whilst the RSP provides a greater certainty of reward by its very nature, the Committee 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 Committee's considerations in assessing the underpin will be disclosed in the relevant Directors' Remuneration Report at the point of vesting.</p>
<p>Benefits</p> <p>Ensures total package is competitive.</p>	<p>Benefits include, but are not limited to, life insurance, personal travel and, where applicable, a company car, fuel, and private health insurance. Where appropriate, benefits may include relocation and international assignment costs. Executives will also be reimbursed for all reasonable expenses.</p>	<p>There is no formal maximum. In general, the Company expects to maintain benefits at the current level.</p>	
<p>Pension</p> <p>Provides post-retirement remuneration and ensures total package is competitive.</p>	<p>The Company operates a defined contribution scheme as a percentage of salary, and all executive directors are eligible for membership. Executives can opt instead to receive a salary supplement in lieu of a pension.</p>	<p>The level of employer contribution for executive directors, expressed as a percentage of basic salary, will be in line with the rate applicable to the majority of the workforce in the country in which the executive director is based. For the UK workforce, this is currently 12.5 per cent of basic salary.</p>	
<p>Performance Share Plan</p>	<p>There will be no further awards made under this plan. Legacy awards will continue to vest.</p>		

Information supporting the policy tables

Shareholding requirements

In order to increase alignment with shareholders, executive directors are required to build up a minimum personal shareholding equal to a set percentage of base salary. The share price used to calculate the guideline is either the share price on the date of award or on the date of vesting/exercise. Executive directors will be required to retain the entire 100 per cent of shares (net of tax) which vest from share plans until their respective shareholding requirement is attained. The CEO of IAG is required to build up and maintain a shareholding of 350 per cent of basic salary, and other executive directors are required to build up and maintain a shareholding of 200 per cent of basic salary.

On departure, executive directors will be required to hold the number 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 from the Group. Shares will normally be retained in the nominee account administered by the Company to ensure this.

Malus and clawback provisions

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) fraud; material breach of any law, regulation or code of practice; an error or a material misstatement of results leading to overpayment or over-allocation; misconduct; failure of risk management; the occurrence of an exceptional event affecting the Company's value or reputation; payments based on results that are subsequently found to be materially financially inaccurate or misleading; serious reputational damage as a result of a participant's behaviour; corporate failure; or any other circumstances in which the Board considers it to be in the interests of shareholders for the award to lapse or be adjusted. This is aligned with the latest version of the UK Corporate Governance Code provisions.

For RSP and PSP awards, clawback provisions apply for two years post vesting (which will usually align with the additional holding period). 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. For the cash element of the annual incentive plan, clawback provisions apply for three years from the date of payment. 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.

Discretion to adjust formulaic outcomes

The Board, after considering the recommendation of the Remuneration Committee, retains the discretion to adjust (including preventing them in their entirety and making no payment) the formulaic outcome of incentive award payments in order to, in its opinion, properly reflect overall corporate performance. This includes where the business has had an exceptional event, in particular events that significantly impact stakeholders. This will include analysing the performance of the participant and the underlying financial performance of the Group to check whether they have been satisfactory in the circumstances and whether vesting levels reflect overall corporate performance. The Remuneration Committee can also take other factors as it considers relevant into account. Underlying financial performance is defined as the overall performance of the Company, which may be considered with reference to a range of measures as the Remuneration Committee considers most appropriate at the time. Stakeholders would include shareholders, customers, and the Company's workforce. The Board also has authority to reduce the award levels and/or the vesting outcomes for the former PSP and the RSP where the Company has experienced a significant fall in share price, as a result of which it considers that participants have unduly benefitted from windfall gains.

Benefits, expenses and taxation

The Board may arrange to settle any taxes and associated expenses payable if it deems such settlement appropriate, including, but not limited to tax on benefits or where, without such settlement, the executive will be subject to double taxation on the same remuneration amount.

Non-executive directors

The table below summarises the main elements of remuneration for non-executive directors:

Purpose and link to strategy	Operation of element of policy	Maximum opportunity
Basic fees Fees take into account the level of responsibility, experience, abilities and dedication required.	Fees are set with reference to market positioning. To acknowledge the key role of the Chair of the Board of Directors, fees are set separately for this role. There is also an additional fee for undertaking the role of Senior Independent Director, and also for holding a Committee chair position. There is no additional fee for Committee membership. Non-executive director fees will take into account external market conditions to ensure it is possible to attract and retain the necessary talent. There is no specific review date set, but it is the Company's intention to review fees from time to time.	The maximum annual aggregate gross remuneration (including annual basic fees and benefits, including travel benefits) payable to directors shall not exceed €3,500,000 as approved by the Shareholders' Meeting on October 19, 2010, in accordance with article 37.3 of the Company's Bylaws.
Benefits	Non-executive directors (including the Board Chair) are entitled to use air tickets of the airlines of the Company or related to the Company in accordance with the terms and conditions established in the Company travel scheme. As provided for under article 37.8 of the Company's Bylaws this benefit may also be provided to non-executive directors after they have vacated office in accordance with the terms and conditions established in the Company travel scheme.	The maximum total annual gross amount of the personal travel benefit is €500,000 for all non-executive directors taken together (including any former non-executive director who may enjoy this benefit at any given time).

Remuneration scenarios

A significant portion of the Company's total remuneration package is variable, with emphasis placed on longer-term reward to align closely executive directors' interests with shareholder interests. The proposed amendment to the policy for 2022 seeks to increase the opportunity level for long-term incentive component, therefore rebalancing the Executive Director's overall package more towards share-based, deferred remuneration and thereby increasing the proportion of overall remuneration opportunity directly aligned to shareholder's interests.

The chart on the following page shows the 2021 remuneration outturn for the Executive Director set against various remuneration outturn scenarios under the proposed 2022 policy opportunity structure. The scenarios illustrated include the minimum remuneration receivable, the remuneration receivable if the director performs in line with the Company's expectations, the maximum remuneration receivable, and the maximum remuneration receivable with 50 per cent share price growth. With the exception of the illustration showing 50 per cent share price growth, no share price variation is taken into consideration in these scenarios.

IAG CEO - 2022 remuneration scenario assumptions

Fixed remuneration is basic salary as at January 1, 2022 ((£820,000 (€950,134), plus taxable benefits (est. £275,000 (€318,642), plus pension-related benefits (2022 level of £102,500 (€118,766). The value of 2021 taxable benefits includes a fixed-term transitional allowance of £250,000 p.a. (payable only until December 2022), as described on page 169.

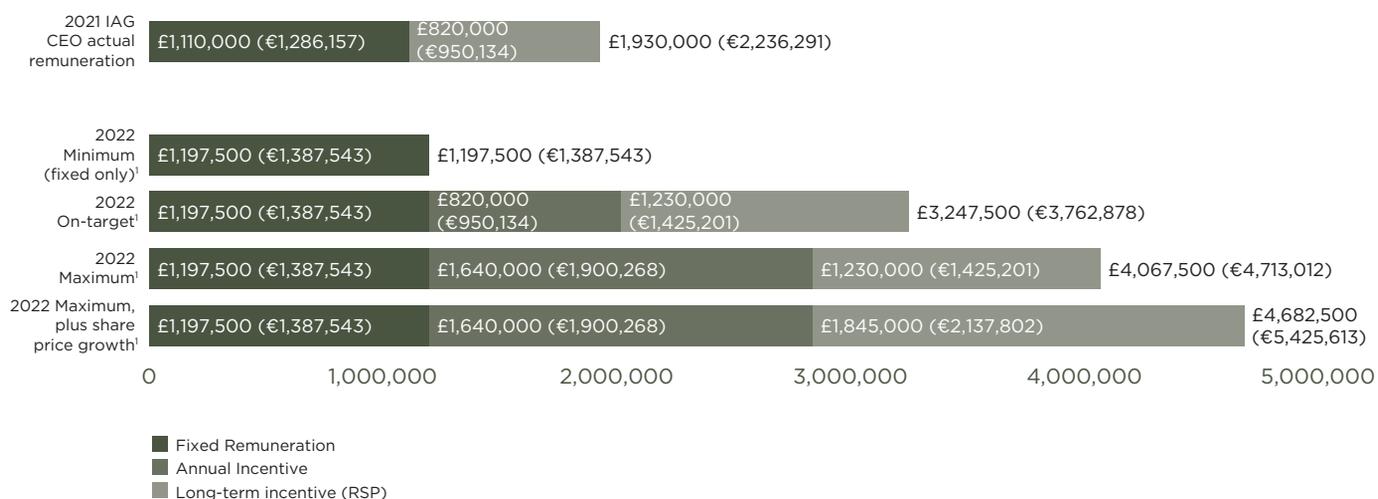
The annual incentive amount is zero at the minimum remuneration level, £820,000 (€950,134) at the on-target level (equivalent to 100 per cent of salary), and £1,640,000 (€1,900,268) at maximum (equivalent to 200 per cent of salary).

The long-term incentive (RSP) opportunity is presented on the basis of the proposed 2022 policy amendment which increases the Executive Director's opportunity from 100 per cent of salary to 150 per cent of salary. RSP outturns are shown as zero at the minimum remuneration level, £1,230,000 (€1,425,201) at the on-target level (equivalent to 150 per cent of salary) and £1,845,000 (€2,137,802) at the maximum level, which includes a 50 per cent share price appreciation, solely for the purpose of illustrating a wider range of potential remuneration outcomes.

In contrast to the reporting of executive director remuneration in the 2021 single total figure of remuneration table where RSP value is shown at vesting rather than grant, for illustrative purposes for the scenario modelling opposite, RSP values for 2021 and 2022 are shown at time of grant rather than time of vesting.

Euro amounts are shown at the 2021 exchange rate GBP 1: EUR 1.1587.

Remuneration scenarios: IAG CEO 2021 remuneration outturn vs proposed 2022 remuneration opportunity



¹ Fixed remuneration includes a transitional allowance of £250,000 p.a. (payable until the end of 2022 only), as described on page 169.

Remuneration policy below director level

Managers at the operating companies in the Group participate in their own company annual incentive plans. These all have performance measures specific to their operating company, and are typically financial, operational, and customer service measures.

Selected senior managers participate in RSP under Executive Share Plan rules. Employees below senior manager level do not participate in RSP.

Notes to the policy tables

The Board may make any remuneration payments and payments for loss of office (and exercise any discretions available to it in connection with such payments) which are not in line with this Remuneration Policy, where the terms of the payment were agreed (i) before this policy came into effect (provided that they were in line with any applicable directors' Remuneration Policy in force at the time they were agreed) or (ii) at a time when the relevant individual was not a director of the Company and such payment was not, in the Board's opinion, in consideration of the individual becoming a director. For these purposes 'payments' include the Board satisfying awards of variable remuneration and, in respect a share award, the terms of the payment are agreed at the time the award is granted. This will also include the vesting of any awards granted under the IAG PSP. The Board may also make remuneration payments and payments for loss of office outside of the policy set out above if such payments are required by law in a relevant country.

External non-executive directorship

The Company's consent is required before an executive can accept an external non-executive appointment and permission is only given in appropriate circumstances. The Company allows the executive to retain any fee from such appointments.

Approach to recruitment remuneration

The remuneration for new executive directors will be in line with the policy for current executive directors as far as possible, as expressed in the policy table earlier in this report.

On appointment, new executive directors will have their basic salary set by taking into account the external market, their peers, and their level of experience. New executive directors will participate in the annual and long-term incentives on the same basis as existing directors.

To facilitate recruitment, the Board, after considering the recommendation of the Committee, may make one-off awards to buy out variable pay or contractual rights forfeited on leaving a previous employer. Generally, such buy-out awards will be made on a comparable basis to those forfeited giving due regard to all relevant factors (including value, performance targets, the likelihood of those targets being met and vesting periods). In such circumstances, shareholders will be provided with full details and rationale in the next published Remuneration Report.

Excluding the value of any potential buy-out, the maximum value of variable remuneration offered at recruitment will be no more than that awarded to current directors.

In the case of an internal promotion to executive director, the Company will continue to honour any commitments made before promotion. Other than that, the remuneration arrangements on recruitment will be as above.

Non-executive directors will be recruited in line with the Company's Remuneration Policy principles outlined before.

Consideration of employment conditions elsewhere in the Group

The Committee is updated on pay and conditions of the employees within the Group and takes this into account when considering executive directors' remuneration.

The pay of employees across all companies in the Group is taken into account when determining the level of any increase in the annual salary review of directors. This takes place each year at the January Committee meeting.

When determining the RSP awards for executive directors, the Committee takes note of the eligibility criteria and the potential size of awards for executives below director level in all companies within the Group.

At the operating company level, the company consults with employee representative bodies, including trade unions and works councils. This will include consultation on company strategy, the competitive environment, and employee terms and conditions. In addition, some of the operating companies run employee opinion surveys in order to take into consideration employee views on a variety of subjects, including leadership, management, and the wider employee experience.

ANNEX III. STATISTICS RELATING TO THE ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

ISSUER IDENTIFICATION DETAILS

YEAR END-DATE

12/31/2021

TAX ID (CIF)

A-85845535

Company name:

INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.

Registered office:

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

ANNEX. STATISTICS RELATING TO THE ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

B OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	2,574,695,497	100.00
	Number	% of votes cast
Votes against	189,490,782	7.36
Votes in favour	2,383,678,763	92.58
Blank ballots	0	0
Abstentions	1,525,952	0.06

C ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year n
Antonio Vázquez	Independent Chair	From 01.01.2021 to 01.07.2021
Javier Ferrán	Independent Chair	From 01.01.2021 to 12.31.2021
Luis Gallego	Executive Director	From 01.01.2021 to 12.31.2021
Giles Agutter	Proprietary Director	From 01.01.2021 to 12.31.2021
Peggy Bruzelius	Independent Director	From 01.01.2021 to 12.31.2021
Eva Castillo	Independent Director	From 01.01.2021 to 12.31.2021

Margaret Ewing	Independent Director	From 01.01.2021 to 12.31.2021
Maurice Lam	Independent Director	From 06.17.2021 to 12.31.2021
Heather Ann McSharry	Independent Director	From 01.01.2021 to 12.31.2021
Robin Phillips	Proprietary Director	From 01.01.2021 to 12.31.2021
Emilio Saracho	Independent Director	From 01.01.2021 to 12.31.2021
Nicola Shaw	Independent Director	From 01.01.2021 to 12.31.2021
Alberto Terol	Independent Director	From 01.01.2021 to 12.31.2021

C.1 Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total year n	Total year n-1
Antonio Vázquez	11	0	0	0	0	0	0	7	18	548
Javier Ferrán	571	0	2	0	0	0	0	4	577	111
Luis Gallego	0	0	0	855	0	0	0	431	1,286	339

Giles Agutter	108	0	0	0	0	0	0	0	4	112	30
Peggy Bruzelius	108	0	0	0	0	0	0	0	0	108	0
Eva Castillo	108	0	0	0	0	0	0	0	0	108	0
Margaret Ewing	108	0	18	0	0	0	0	0	0	126	111
Maurice Lam	58	0	0	0	0	0	0	0	2	60	0
Heather Ann McSharry	108	0	0	0	0	0	0	0	0	108	0
Robin Phillips	108	0	0	0	0	0	0	0	0	108	30
Emilio Saracho	108	0	0	0	0	0	0	0	7	115	108
Nicola Shaw	108	0	15	0	0	0	0	0	0	123	103
Alberto Terol	108	0	45	0	0	0	0	0	9	162	138

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of plan	Financial instruments at start of year n		Financial instruments granted during year n		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year n	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares (€)	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Luis Gallego	Share performance plan – PSP 2015	131,242	131,242	0	0	0	0	0	0	0	131,242	131,242
	Share performance plan – PSP 2016	98,001	98,001	0	0	0	0	0	0	0	98,001	98,001

Share performance plan – PSP 2017	174,504	174,504	0	0	0	0	0	0	0	0	174,504	174,504
Share performance plan – PSP 2018	194,269	194,269	0	0	0	0	0	0	0	194,269	0	0
Share performance plan – PSP 2019	245,114	245,114	0	0	0	0	0	0	0	0	245,114	245,114
Share performance plan – PSP 2020	538,805	538,805	0	0	0	0	0	0	0	0	538,805	538,805
Restricted share award - RSP 2021	0	0	414,954	414,954	0	0	0	0	0	0	414,954	414,954
Incentive award deferral plan – IADP 2018	90,253	90,253	0	0	90,253	90,253	2.45	221	0	0	0	0
Incentive award deferral plan – IADP 2019	74,576	74,576	0	0	0	0	0	0	0	0	74,576	74,576
Incentive award deferral plan – IADP 2020	81,520	81,520	0	0	0	0	0	0	0	0	81,520	81,520

iii) Long-term savings schemes

N/A

iv) Details of other items

Name	Concept	Amount of remuneration
Luis Gallego	Life Assurance, Personal Injury and Accidental Death Cover premium costs	13

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

N/A

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

N/A

iii) Long-term savings schemes

N/A

iv) Details of other items

N/A

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					Total in year n, company + group
	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year n, company	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year n, group	
Antonio Vázquez	18	0	0	0	18	0	0	0	0	0	18
Javier Ferrán	577	0	0	0	577	0	0	0	0	0	577
Luis Gallego	1,286	221	0	13	1,520	0	0	0	0	0	1,520
Giles Agutter	112	0	0	0	112	0	0	0	0	0	112
Peggy Bruzelius	108	0	0	0	108	0	0	0	0	0	108

Eva Castillo	108	0	0	0	108	0	0	0	0	0	108
Margaret Ewing	126	0	0	0	126	0	0	0	0	0	126
Maurice Lam	60	0	0	0	60	0	0	0	0	0	60
Heather Ann McSharry	108	0	0	0	108	0	0	0	0	0	108
Robin Phillips	108	0	0	0	108	0	0	0	0	0	108
Emilio Saracho	115	0	0	0	115	0	0	0	0	0	115
Nicola Shaw	123	0	0	0	123	0	0	0	0	0	123
Alberto Terol	162	0	0	0	162	0	0	0	0	0	162
TOTAL	3,011	221		13	3,245						3,245

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year n	% variation	Year n-1	% variation	Year n-2	% variation	Year n-3	% variation	Year n-4
		n/n-1		n-1/n-2		n-2/n-3		n-3/n-4	
Executive directors									
Luis Gallego	1,520	223.40	470	-	0	-	0	-	0
External directors									
Antonio Vázquez	18	-96.72	548	-15.69	650	0.15	649	-4.56	680
Javier Ferrán	577	419.82	111	68.18	66	-	0	-	0
Giles Agutter	112	273.33	30	-	0	-	0	-	0
Peggy Bruzelius	108	-	0	-	0	-	0	-	0
Eva Castillo	108	-	0	-	0	-	0	-	0

Margaret Ewing	126	13.51	111	70.77	65	-	0	-	0
Maurice Lam	60	-	0	-	0	-	0	-	0
Heather Ann McSharry	108	-	0	-	0	-	0	-	0
Robin Phillips	108	260	30	-	0	-	0	-	0
Emilio Saracho	115	6.48	108	-21.74	138	0.00	138	5.48	146
Nicola Shaw	123	19.42	103	-24.26	136	7.09	127		
Alberto Terol	162	17.39	138	-14.81	162	14.08	142	-8.97	156
Company results¹ (IAG operating profit/loss), less exceptional items)	(2,970,000,000)	31.96	(4,365,000,000)	-	3,285,000,000	1.70	3,230,000,000	7.13	3,015,000,000
Average employee remuneration	39	-31.58	57	29.55	44	2.33	43	2.38	42

This annual remuneration report was approved by the Board of Directors of the company in its meeting of February 24, 2022.

Indicate whether any director voted against or abstained from approving this report.

No

ANNEX III. STATISTICS RELATING TO THE ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

ISSUER IDENTIFICATION DETAILS

YEAR END-DATE

12/31/2021

TAX ID (CIF)

A-85845535

Company name:

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Registered office:

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ANNEX. STATISTICS RELATING TO THE ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

B OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	2,574,695,497	100.00
	Number	% of votes cast
Votes against	189,490,782	7.36
Votes in favour	2,383,678,763	92.58
Blank ballots	0	0
Abstentions	1,525,952	0.06

C ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year n
Antonio Vázquez	Independent Chair	From 01.01.2021 to 01.07.2021
Javier Ferrán	Independent Chair	From 01.01.2021 to 12.31.2021
Luis Gallego	Executive Director	From 01.01.2021 to 12.31.2021
Giles Agutter	Proprietary Director	From 01.01.2021 to 12.31.2021
Peggy Bruzelius	Independent Director	From 01.01.2021 to 12.31.2021
Eva Castillo	Independent Director	From 01.01.2021 to 12.31.2021

Margaret Ewing	Independent Director	From 01.01.2021 to 12.31.2021
Maurice Lam	Independent Director	From 06.17.2021 to 12.31.2021
Heather Ann McSharry	Independent Director	From 01.01.2021 to 12.31.2021
Robin Phillips	Proprietary Director	From 01.01.2021 to 12.31.2021
Emilio Saracho	Independent Director	From 01.01.2021 to 12.31.2021
Nicola Shaw	Independent Director	From 01.01.2021 to 12.31.2021
Alberto Terol	Independent Director	From 01.01.2021 to 12.31.2021

C.1 Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total year n	Total year n-1
Antonio Vázquez	11	0	0	0	0	0	0	7	18	548
Javier Ferrán	571	0	2	0	0	0	0	4	577	111
Luis Gallego	0	0	0	855	0	0	0	431	1,286	339

Giles Agutter	108	0	0	0	0	0	0	0	4	112	30
Peggy Bruzelius	108	0	0	0	0	0	0	0	0	108	0
Eva Castillo	108	0	0	0	0	0	0	0	0	108	0
Margaret Ewing	108	0	18	0	0	0	0	0	0	126	111
Maurice Lam	58	0	0	0	0	0	0	0	2	60	0
Heather Ann McSharry	108	0	0	0	0	0	0	0	0	108	0
Robin Phillips	108	0	0	0	0	0	0	0	0	108	30
Emilio Saracho	108	0	0	0	0	0	0	0	7	115	108
Nicola Shaw	108	0	15	0	0	0	0	0	0	123	103
Alberto Terol	108	0	45	0	0	0	0	0	9	162	138

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of plan	Financial instruments at start of year n		Financial instruments granted during year n		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year n	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares (€)	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Luis Gallego	Share performance plan – PSP 2015	131,242	131,242	0	0	0	0	0	0	0	131,242	131,242
	Share performance plan – PSP 2016	98,001	98,001	0	0	0	0	0	0	0	98,001	98,001

Share performance plan – PSP 2017	174,504	174,504	0	0	0	0	0	0	0	0	174,504	174,504
Share performance plan – PSP 2018	194,269	194,269	0	0	0	0	0	0	0	194,269	0	0
Share performance plan – PSP 2019	245,114	245,114	0	0	0	0	0	0	0	0	245,114	245,114
Share performance plan – PSP 2020	538,805	538,805	0	0	0	0	0	0	0	0	538,805	538,805
Restricted share award - RSP 2021	0	0	414,954	414,954	0	0	0	0	0	0	414,954	414,954
Incentive award deferral plan – IADP 2018	90,253	90,253	0	0	90,253	90,253	2.45	221	0	0	0	0
Incentive award deferral plan – IADP 2019	74,576	74,576	0	0	0	0	0	0	0	0	74,576	74,576
Incentive award deferral plan – IADP 2020	81,520	81,520	0	0	0	0	0	0	0	0	81,520	81,520

iii) Long-term savings schemes

N/A

iv) Details of other items

Name	Concept	Amount of remuneration
Luis Gallego	Life Assurance, Personal Injury and Accidental Death Cover premium costs	13

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

N/A

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

N/A

iii) Long-term savings schemes

N/A

iv) Details of other items

N/A

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					Total in year n, company + group
	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year n, company	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year n, group	
Antonio Vázquez	18	0	0	0	18	0	0	0	0	0	18
Javier Ferrán	577	0	0	0	577	0	0	0	0	0	577
Luis Gallego	1,286	221	0	13	1,520	0	0	0	0	0	1,520
Giles Agutter	112	0	0	0	112	0	0	0	0	0	112
Peggy Bruzelius	108	0	0	0	108	0	0	0	0	0	108

Eva Castillo	108	0	0	0	108	0	0	0	0	0	108
Margaret Ewing	126	0	0	0	126	0	0	0	0	0	126
Maurice Lam	60	0	0	0	60	0	0	0	0	0	60
Heather Ann McSharry	108	0	0	0	108	0	0	0	0	0	108
Robin Phillips	108	0	0	0	108	0	0	0	0	0	108
Emilio Saracho	115	0	0	0	115	0	0	0	0	0	115
Nicola Shaw	123	0	0	0	123	0	0	0	0	0	123
Alberto Terol	162	0	0	0	162	0	0	0	0	0	162
TOTAL	3,011	221		13	3,245						3,245

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year n	% variation	Year n-1	% variation	Year n-2	% variation	Year n-3	% variation	Year n-4
		n/n-1		n-1/n-2		n-2/n-3		n-3/n-4	
Executive directors									
Luis Gallego	1,520	223.40	470	-	0	-	0	-	0
External directors									
Antonio Vázquez	18	-96.72	548	-15.69	650	0.15	649	-4.56	680
Javier Ferrán	577	419.82	111	68.18	66	-	0	-	0
Giles Agutter	112	273.33	30	-	0	-	0	-	0
Peggy Bruzelius	108	-	0	-	0	-	0	-	0
Eva Castillo	108	-	0	-	0	-	0	-	0

Margaret Ewing	126	13.51	111	70.77	65	-	0	-	0
Maurice Lam	60	-	0	-	0	-	0	-	0
Heather Ann McSharry	108	-	0	-	0	-	0	-	0
Robin Phillips	108	260	30	-	0	-	0	-	0
Emilio Saracho	115	6.48	108	-21.74	138	0.00	138	5.48	146
Nicola Shaw	123	19.42	103	-24.26	136	7.09	127		
Alberto Terol	162	17.39	138	-14.81	162	14.08	142	-8.97	156
Company results¹ (IAG operating profit/loss), less exceptional items)	(2,970,000,000)	31.96	(4,365,000,000)	-	3,285,000,000	1.70	3,230,000,000	7.13	3,015,000,000
Average employee remuneration	39	-31.58	57	29.55	44	2.33	43	2.38	42

This annual remuneration report was approved by the Board of Directors of the company in its meeting of February 24, 2022.

Indicate whether any director voted against or abstained from approving this report.

No